CHEMUNG FINANCIAL CORP
Form S-4/A
January 24, 2011
As filed with the Securities and Exchange Commission on January 21, 2011

Registration No. 333- 171504

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 To
FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHEMUNG FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

New York	6712	16-1237038
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

One Chemung Canal Plaza, P. O. Box 1522
Elmira, New York 14902
(607) 737-3711 or (800) 836-3711
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Ronald M. Bentley
President and Chief Executive Officer
One Chemung Canal Plaza, P.O. Box 1522
Elmira, New York 14902
(607) 737-3746
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

Copies to:

Clifford S. Weber, Esq. Hinman, Howard & Kattell, LLP 106 Corporate Park Drive, Suite 317 White Plains, NY 10604 Phone: (914) 694-4102	George S. Deptula, Esq. Hiscock & Barclay, LLP One Park Place, 300 South State Street Syracuse, New York 13202 Phone: (315) 425-2725

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	x

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	o
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	o

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, $0.01 par value per share	1,010,007 shares (1)	N/A	$28,396,721 (2)	$3,296.86 (3)

(1) Represents the maximum number of shares of Chemung Financial Corporation (OTCBB:CHMG.OB) common stock estimated to be issuable upon the completion of the merger of Fort Orange Financial Corp., with and into Chemung Financial Corporation, calculated as 75% (that portion of the total consideration issuable in the merger which shall consist of Chemung Financial Corporation common stock) of the product of (x) the number of shares of Fort Orange Financial Corp. ("Fort Orange") common stock (Pink Sheets: FOFC) outstanding as of December 22, 2010, plus shares to be issued upon the accelerated vesting of restricted stock awards and directors' shares earned immediately prior to the Effective Time of the Merger, times (y) an exchange ratio of 0.3571 of a share.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and calculated in accordance with Rules 457(f)(1) and 457(c) thereunder, based on the aggregate market value of the shares of Fort Orange common stock expected to be exchanged in the merger, based upon the average of the bid and asked prices of Fort Orange common stock as reported by PinkSheets.com on December 22, 2010 of $7.53.

(3) Calculated in accordance with Section 6(b) of the Securities Act and SEC Fee Advisory #5 for Fiscal Year 2010 at a rate equal to 0.0001161 multiplied by the proposed maximum aggregate offering price.

(4) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Preliminary JOINT Proxy Statement/Prospectus
Dated January 21, 2011 , Subject to Completion

Information contained herein is subject to completion or amendment. A registration statement relating to the shares of Chemung Financial Corporation common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

February __, 2011

Dear Shareholder:

On October 14, 2010, Fort Orange Financial Corp., a Delaware corporation ("Fort Orange") entered into an Agreement and Plan of Merger, as amended as of December 28, 2010 (the "Merger Agreement") with Chemung Financial Corporation ("Chemung Financial"), pursuant to which Fort Orange will be merged with and into Chemung Financial, with Chemung Financial as the surviving corporation (the "Merger"). We are sending you this joint proxy statement/prospectus to ask you to vote on the approval of the Merger pursuant to the Merger Agreement.

If the Merger Agreement is approved and the Merger is subsequently completed, the holders of Fort Orange common stock will be given the opportunity to receive, for their shares of Fort Orange common stock: (i) all cash in the amount of $7.50 per share, without interest ("Cash Consideration"); (ii) all Chemung Financial common stock, at an exchange ratio of 0.3571 of a share of Chemung Financial common stock for each share of Fort Orange common stock ("Stock Consideration") or (iii) a mix of Cash Consideration for 25% of their shares and Stock Consideration for 75% of their shares. The exchange ratio of 0.3571 of a share of Chemung Financial stock for one share of Fort Orange stock is subject to downward adjustment if the Chemung Financial common stock Closing Price (as defined in the Merger Agreement) at the time the Merger is completed exceeds $25.20 per share. In addition, the Cash Consideration of $7.50 per share and the Stock Consideration exchange ratio of 0.3571 of a share of Chemung Financial stock are each subject to downward adjustment on a sliding scale as described in the Merger Agreement if the delinquent loans in the Fort Orange loan portfolio increase prior to completion of the Merger.

The total consideration to be paid by Chemung Financial for the Merger is subject to the requirement that 25% of the Fort Orange common stock be acquired for the Cash Consideration and that 75% be acquired for the Stock Consideration. This may cause Fort Orange shareholders who elect either the all Cash Consideration or all Stock Consideration for their shares to receive a mix of the two on a prorated basis in accordance with allocation provisions in the Merger Agreement.

The value of the Stock Consideration will fluctuate with the market price of Chemung Financial common stock. Based on the closing price of Chemung Financial common stock, as reported by the Over-the-Counter Bulletin Board (the "OTCBB"), on October 14, 2010, the last trading day before public announcement of the Merger Agreement, the aggregate value of the Stock Consideration and Cash Consideration represented approximately $7.63 in value for each share of Fort Orange common stock. You should obtain current stock price quotations for Chemung Financial and Fort Orange common stock. Chemung Financial common stock trades over-the-counter on the OTCBB under the symbol “CHMG.OB” and Fort Orange common stock trades over-the-counter on Pinksheets.com under the symbol “FOFC”.

The accompanying joint proxy statement/prospectus is also being delivered to Fort Orange shareholders as Chemung Financial's prospectus for its offering of Chemung Financial common stock in connection with the Merger, and as a proxy statement for the solicitation of proxies from Fort Orange shareholders to vote for the adoption of the Merger Agreement and approval of the Merger.

The Merger cannot be completed unless at least 66 2/3% of the issued and outstanding shares of Chemung Financial common stock and a majority of the issued and outstanding shares of common stock of Fort Orange vote in favor of the Merger. Whether or not you plan to attend the special meeting of shareholders, please take the time to vote via the internet at the address shown on the proxy card, the telephone by calling the number shown on the proxy card or by completing and signing the enclosed proxy card and mailing it in the enclosed envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote "FOR" the adoption of the Merger Agreement. If you fail to vote in person or by proxy, or you do not instruct your broker how to vote any shares held for you in "street name," it will have same effect as voting "AGAINST" the Merger Agreement.

Your board of directors has unanimously determined that the Merger and the Merger Agreement are fair and in the best interest of Chemung Financial and its shareholders and recommends that you vote "FOR" the adoption of the Merger Agreement.

This joint proxy statement/prospectus provides you with detailed information about the proposed Merger. It also contains or references information about Chemung Financial, Fort Orange and related matters. You are encouraged to read this document carefully. In particular, you should read the "Risk Factors" section beginning on page 20 for a discussion of the risks you should consider in evaluating the proposed Merger and how it will affect you.

On behalf of the Board of Directors, I thank you for your prompt attention to this matter.

Sincerely,

/s/ Ronald M. Bentley
Ronald M. Bentley
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, the issuance of the Chemung Financial common stock in connection with the Merger or the other transactions described in this joint proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the Merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus is dated February ___, 2011, and is first being mailed to shareholders of Chemung Financial and Fort Orange on or about February [23], 2011.

February ____, 2011

Dear Shareholder:

A Merger Proposal — Your Vote Is Very Important

On October 14, 2010, Fort Orange Financial Corp., a Delaware corporation ("Fort Orange") entered into an Agreement and Plan of Merger, as amended as of December 28, 2010 (the "Merger Agreement") with Chemung Financial Corporation, a New York corporation ("Chemung Financial"), pursuant to which Fort Orange will be merged with and into Chemung Financial, with Chemung Financial as the surviving corporation. We are sending you this joint proxy statement/prospectus to ask you to vote on the approval of the Merger pursuant to the Merger Agreement.

If the Merger Agreement is approved and the Merger is subsequently completed, you will be given the opportunity to receive, for your shares of Fort Orange common stock: (i) all cash in the amount of $7.50 per share, without interest (the "Cash Consideration"); (ii) all Chemung Financial common stock, at an exchange ratio of 0.3571 of a share of Chemung Financial common stock for each share of Fort Orange common stock (the "Stock Consideration") or (iii) a mix of Cash Consideration for 25% of your shares and Stock Consideration for 75% of your shares. The exchange ratio of 0.3571 of a share of Chemung Financial common stock for each share of Fort Orange common stock is subject to downward adjustment if the Chemung Financial common stock average Closing Price (as defined in the Merger Agreement) for a specified period immediately before the time of the Merger is completed (as described in the Merger Agreement) exceeds $25.20 per share. In addition, the Cash Consideration of $7.50 per share and the Stock Consideration exchange ratio of 0.3571 of a share of Chemung Financial stock are each subject to downward adjustment on a sliding scale as described in the Merger Agreement if the delinquent loans in the Fort Orange loan portfolio increase prior to completion of the Merger.

The total consideration to be paid by Chemung Financial in the Merger is subject to the requirement that 25% of Fort Orange common stock be acquired for the Cash Consideration and that 75% be acquired for the Stock Consideration. This may cause Fort Orange shareholders who elect either the all Cash Consideration or the all Stock Consideration for their shares to receive a mix of the two on a prorated basis in accordance with allocation provisions in the Merger Agreement.

The value of the Stock Consideration will fluctuate with the market price of Chemung Financial common stock. Based on the closing price of Chemung Financial common stock, as reported by the Over-the-Counter Bulletin Board (the "OTCBB"), on October 14, 2010, the last trading day before public announcement of the Merger Agreement, the value of the Stock Consideration and Cash Consideration represented approximately $7.63 in value for each share of Fort Orange common stock. You should obtain current stock price quotations for Chemung Financial and Fort Orange common stock. Chemung Financial common stock trades over-the-counter on the OTCBB under the symbol "CHMG.OB" and Fort Orange common stock trades over-the-counter on Pinksheets.com under the symbol "FOFC".

If the Merger is approved and is subsequently completed, Fort Orange shareholders (other than dissenting shareholders) who receive Stock Consideration will become shareholders of Chemung Financial.

The accompanying joint proxy statement/prospectus is also being delivered to Chemung Financial shareholders as a proxy statement for the solicitation of proxies from Chemung Financial shareholders to vote to approve the Merger.

The Merger cannot be completed unless a majority of the issued and outstanding shares of common stock of Fort Orange and at least 66 2/3% of the outstanding shares of Chemung Financial common stock vote in favor of the Merger. Whether or not you plan to attend the special meeting of shareholders, please take the time to vote via the internet at the address shown on the proxy card, the telephone by calling the number shown on the proxy card, or by completing and signing the enclosed proxy card and mailing it in the enclosed envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote "FOR" the adoption of the Merger Agreement and you will not be entitled to appraisal rights for your shares of Fort Orange stock . If you fail to vote in person or fail to submit your proxy card via mail, internet or telephone , or you do not instruct your broker how to vote any shares held for you in "street name," it will have the same effect as voting "AGAINST" the Merger Agreement. Fort Orange shareholders who do not vote in favor of the Merger can seek appraisal rights for their stock and obtain payment in cash equal to the fair value of their shares as determined by the Court of Chancery of the State of Delaware. For more information on the appraisal rights of Fort Orange shareholders, see "Questions and Answers About the Merger and the Special Meetings"-"Are Fort Orange shareholders entitled to appraisal rights?" on page 5 and "Appraisal Rights" beginning on page 168 .

Your board of directors has unanimously determined that the Merger and the Merger Agreement are fair and in the best interests of Fort Orange and its shareholders and unanimously recommends that you vote "FOR" the adoption of the Merger Agreement.

This joint proxy statement/prospectus provides you with detailed information about the proposed Merger. It also contains or references information about Chemung Financial and Fort Orange and related matters. You are encouraged to read this document carefully. In particular, you should read the "Risk Factors" section beginning on page 20 for a discussion of the risks you should consider in evaluating the proposed Merger and how it will affect you.

On behalf of the board of directors, I thank you for your prompt attention to this important matter.

/s/ Eugene M. Sneeringer, Jr.
Eugene M. Sneeringer, Jr.
Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, the issuance of the Chemung Financial common stock in connection with the Merger or the other transactions described in this joint proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the Merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus is dated February ____ 2011, and is first being mailed to shareholders of Chemung Financial and Fort Orange on or about February [23] , 2011.

CHEMUNG FINANCIAL CORPORATION
ONE CHEMUNG CANAL PLAZA, P. O. BOX 1522
ELMIRA, NEW YORK 14902

NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON March 24 , 2011

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Chemung Financial Corporation, a New York Corporation ("Chemung Financial") will be held at the principal office of Chemung Financial, One Chemung Canal Plaza, Elmira, New York 14902 , at 3:00 p.m., Eastern Standard Time, on March 24 , 2011, for the following purposes:

1. To approve the merger of Fort Orange Financial Corp., a Delaware Corporation ("Fort Orange") with and into Chemung Financial (the "Merger") pursuant to the Agreement and Plan of Merger, dated as of October 14, 2010 and amended as of December 28, 2010 (the "Merger Agreement"), by and between Fort Orange and Chemung Financial; and

2. To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

The proposed Merger is described in more detail in this joint proxy statement/prospectus, which you should read carefully in its entirety before you vote. A copy of the Merger Agreement is attached as Appendix A1 to this joint proxy statement/prospectus and the amendment thereto is attached as Appendix A2 to this joint proxy statement/prospectus. Only Chemung Financial shareholders of record as of the close of business on February [9] , 2011, are entitled to notice of and to vote at the special meeting of shareholders or any adjournments of the special meeting.

The Merger must be approved by at least 66 2/3% of the outstanding shares of the Chemung Financial common stock and a majority of the outstanding shares of common stock of Fort Orange. Please vote as soon as possible.

Proxy cards submitted without any indication of a vote will be deemed as votes "FOR" the approval of the Merger Agreement. Abstentions and shares that you have not authorized your broker to vote will have the same effect as votes "AGAINST" the approval of the Merger and the transactions contemplated by the Merger Agreement.

If your shares are held in the name of a broker, bank or other fiduciary, please follow the instructions on the voting instructions card provided by such person. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card. If you wish to attend the special meeting and vote in person and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, CHEMUNG FINANCIAL URGES YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY ACCESSING THE INTERNET WEBSITE SPECIFIED ON YOUR ENCLOSED PROXY CARD, (2) BY CALLING THE TELEPHONE NUMBER SPECIFIED ON THE ENCLOSED PROXY CARD OR (3) BY COMPLETING, SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD IN THE POSTAGE PAID ENVELOPE PROVIDED.

Chemung Financial's board of directors has unanimously adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement, and recommends that Chemung Financial shareholders vote "FOR" the approval of the Merger.

	BY ORDER OF THE BOARD OF DIRECTORS
	/s/ Jane H. Adamy
February [23] , 2011	Jane H. Adamy
Elmira, New York	Corporate Secretary

If you have any questions concerning the Merger or other matters to be considered at the Chemung Financial special meeting, would like additional copies of this joint proxy statement/prospectus or need help voting your shares, please contact Chemung Financial's Corporate Secretary, Jane H. Adamy via telephone at (607) 737-3788 or by mail, Chemung Financial Corporation, Attention: Jane H. Adamy, Corporate Secretary, One Chemung Canal Plaza, P.O. Box 1522, Elmira, New York 14902.

Fort Orange Financial Corp.
1375 Washington Avenue
Albany, New York 12206

Notice of the Special Meeting of Shareholders
to be held on March [24] , 2011

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Fort Orange Financial Corp; ("Fort Orange") will be held at [the Hilton Garden Inn (Albany Medical Center), 62 New Scotland Avenue, Albany , New York] at 9:30 a.m., Eastern Standard Time, on March [24] , 2011, for the following purposes:

1. To approve the Agreement and Plan of Merger, dated as of October 14, 2010 and amended as of December 28, 2010 (the "Merger Agreement"), by and between Fort Orange and Chemung Financial Corporation ("Chemung Financial"), and thereby approve the transactions contemplated by the Merger Agreement; and

2. To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

The proposed Merger is described in more detail in this joint proxy statement/prospectus, which you should read carefully in its entirety before you vote. A copy of the Merger Agreement is attached as Appendix A1 to this joint proxy statement/prospectus and the amendment thereto is attached as Appendix A2. Only Fort Orange shareholders of record as of the close of business on February [9] , 2011, are entitled to notice of and to vote at the special meeting of shareholders or any adjournments of the special meeting.

To complete the Merger, the Merger Agreement must be approved by a majority of the outstanding shares of Fort Orange common stock and at least 66 2/3% of the outstanding shares of Chemung Financial common stock. Please vote as soon as possible.

Proxy cards submitted without any indication of a vote will be deemed as votes "FOR" the approval of the Merger Agreement and you will not be entitled to appraisal rights for your shares of Fort Orange stock . Abstentions and shares that you have not authorized your broker to vote will have the same effect as votes "AGAINST" the approval of the Merger and the transactions contemplated by the Merger Agreement.

If your shares are held in the name of the broker, bank or other fiduciary, please follow the instructions on the voting instructions card provided by such person. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card. If you wish to attend the special meeting and vote in person and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, FORT ORANGE URGES YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY ACCESSING THE INTERNET WEBSITE SPECIFIED ON YOUR ENCLOSED PROXY CARD; (2) BY CALLING THE TELEPHONE NUMBER SPECIFIED ON YOUR ENCLOSED PROXY CARD OR (3) BY COMPLETING, SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD IN THE POSTAGE PAID ENVELOPE PROVIDED.

DO NOT SEND STOCK CERTIFICATES WITH THE PROXY CARD. YOU WILL RECEIVE AN ELECTION FORM TO ELECT THE CASH AND/OR STOCK CONSIDERATION WITH INSTRUCTIONS FOR DELIVERING YOUR STOCK CERTIFICATES UNDER SEPARATE COVER.

Fort Orange’s board of directors has unanimously adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement, and recommends that Fort Orange shareholders vote “FOR” the approval of the Merger.

If you have any questions concerning the Merger or other matters to be considered at the Fort Orange special meeting, would like additional copies of this joint proxy statement/prospectus or need help voting your shares, please contact Fort Orange's Executive Vice President and Chief Financial Officer, Steven J. Owens via telephone at (518) 433-5810 or by mail, Fort Orange Financial Corp., Attention: Steven J. Owens, Executive Vice President and CFO, 1375 Washington Avenue, Albany, New York 12206.

BY ORDER OF THE BOARD OF DIRECTORS

February [23] , 2011
Albany, New York

/s/ Eugene M. Sneeringer, Jr.
Eugene M. Sneeringer, Jr.
Chairman of the Board

Table of Contents

i

Table of Contents

Table of Contents

Table of Contents

Where You Can Find More Information

Chemung Financial files annual, quarterly and current reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the “SEC”); Fort Orange is not subject to reporting with the SEC. You may read and copy any materials that Chemung Financial files with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 or (800) 732-0330 for further information on the public reference room. In addition, Chemung Financial files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at http://www.sec.gov containing this information. You will also be able to obtain these documents, free of charge, from Chemung Financial at www.chemungcanal.com under the “Shareholder Info” link and then under the heading “SEC Filings”.

Chemung Financial has filed a registration statement on Form S-4 to register with the SEC up to 1,010,007 shares of Chemung Financial common stock. This joint proxy statement/prospectus is a part of that registration statement. As permitted by SEC rules, this joint proxy statement/prospectus does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this joint proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This joint proxy statement/prospectus incorporates by reference documents that Chemung Financial has previously filed with the SEC. They contain important information about Chemung Financial and its financial condition. See “Incorporation of Certain Documents by Reference” on page 168 . These documents are available without charge to you upon written or oral request to Chemung Financial’s principal executive offices or via the internet. A copy of Fort Orange’s 2010 proxy and 2009 annual report may be obtained upon written or oral request. The respective addresses, telephone numbers and website addresses of such principal executive offices are listed below:

Chemung Financial Corporation	Fort Orange Financial Corp.
One Chemung Canal Plaza	1375 Washington Avenue
P.O. Box 1522	Albany, New York 12206
Elmira, New York 14902	(518) 434-1212
(607) 737-3746	www.capitalbank.com
www.chemungcanal.com	

To obtain timely delivery of these documents, you must request the information no later than March [17] , 2011 in order to receive them before Chemung Financial’s special meeting of shareholders and no later than March [17] , 2011 in order to receive them before Fort Orange’s special meeting of shareholders.

Chemung Financial common stock is traded over-the-counter on the OTCBB under the symbol “CHMG.OB,” and Fort Orange common stock is traded over-the-counter on Pinksheets.com under the symbol “FOFC.”

Questions and Answers
about the Merger and the Special Meetings

The following are answers to certain questions that you may have regarding the Merger and the special meetings. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this joint proxy statement/prospectus.

Q: Why am I receiving this document?

A. Chemung Financial and Fort Orange have agreed to combine under the terms of a Merger Agreement that is described in this joint proxy statement/prospectus. A copy of the Merger Agreement is attached to this joint proxy statement/prospectus as Appendix A1 and the amendment thereto is attached to this joint proxy statement/prospectus as Appendix A2. In order to complete the Merger, Chemung Financial shareholders must vote to approve the Merger (the "Chemung Financial Merger proposal") and Fort Orange shareholders must vote to adopt the Merger Agreement and approve the Merger (the "Fort Orange Merger proposal"). Both Fort Orange and Chemung Financial will hold special meetings of their respective shareholders to obtain these approvals. This joint proxy statement/prospectus contains important information about the Merger, the Merger Agreement, the special meetings and other related matters and you should read it carefully.

Q: What will happen to Fort Orange as a result of the Merger?

A: If the Merger is completed, Fort Orange will cease to exist and Capital Bank & Trust Company ("Capital Bank"), currently a wholly owned subsidiary of Fort Orange, will become a direct, wholly-owned subsidiary of Chemung Financial. Immediately following completion of the Merger, Capital Bank will merge with and into Chemung Canal Trust Company, a New York chartered commercial bank ("Chemung Canal") and the wholly owned subsidiary of Chemung Financial, with Chemung Canal being the surviving bank.

Q: What will Fort Orange shareholders receive in the Merger?

A: If the Merger is approved by both Chemung Financial and Fort Orange shareholders and the Merger is subsequently completed, each outstanding share of Fort Orange common stock (other than any dissenting shares) will be converted into the right to receive either: (i) $7.50 in cash, without interest; (ii) 0.3571 of a share of Chemung Financial common stock for each share of Fort Orange common stock or (iii) a mix of cash consideration for 25% of the stock owned by a Fort Orange shareholder and stock consideration for 75% for the stock owned. The exchange ratio of 0.3571 is subject to downward adjustment, if the Chemung Financial common stock Closing Price (defined in the Merger Agreement as the average of the daily closing price of Chemung Financial common stock for the ten trading days on which trades of such stock occur immediately prior to the closing of the Merger, as reported on the OTC Bulletin Board) exceeds $25.20 per share. In addition, the Cash Consideration of $7.50 per share and the Stock Consideration of 0.3571 of a share of Chemung Financial stock are each subject to downward adjustment on a sliding scale as described in the Merger Agreement if the Delinquent Loans in the Fort Orange loan portfolio increase prior to completion of the Merger. The Merger Agreement defines Delinquent Loans to mean loans with principal and/or interest that are 45-89 days past due, loans with principal and/or interest that are at least 90 days past due and still accruing, loans that are non-accruing, restructured and impaired loans, bank-owned real estate and net charge-offs from the date of the Merger Agreement through the last business day of the month prior to the closing of the Merger.

If the Chemung Financial common stock Closing Price is $25.20 or less and the Delinquent Loans at the end of the month immediately preceding the closing of the Merger are: (i) less than $6.5 million, the exchange ratio will be

0.3571 and the Cash Consideration will be $7.50; (ii) $6.5 million or greater, but less than $8.5 million, the exchange ratio will be 0.3524 and the Cash Consideration will be $7.40; or (iii) $8.5 million or greater, but less than $10.5 million, the exchange ratio will be 0.3476 and the Cash Consideration will be $7.30. If the Delinquent Loans are $10.5 million or greater, Chemung Financial can either terminate the Merger Agreement or proceed with the Merger with an exchange ratio of 0.3429 and Cash Consideration of $7.20. If the Chemung Financial common stock Closing Price is $25.20 or greater and the Delinquent Loans at the end of the month immediately preceding the closing of the Merger are: less than $6.5 million, the exchange ratio will be 100% of the exchange ratio as adjusted pursuant to the Merger Agreement, based on a $9.00 per share price of Fort Orange common stock (the "Adjusted Exchange Ratio") and the Cash Consideration will be $7.50; (ii) $6.5 million or greater, but less than $8.5 million, the exchange ratio will be 98.67% of the Adjusted Exchange Ratio and the Cash Consideration will be $7.40; (iii) $8.5 million or greater, but less than $10.5 million, the Exchange Ratio will be 97.34% of the Adjusted Exchange Ratio and the Cash Consideration will be $7.30; or (iv) $10.5 million or greater, Chemung Financial can either terminate the Merger Agreement or proceed with the transaction with an exchange ratio that is 96.02% of the Adjusted Exchange Ratio and Cash Consideration of $7.20. At December 31, 2010, the most recent practicable date for which information regarding Delinquent Loans was available prior to the filing of this joint proxy statement/prospectus, the amount of Delinquent Loans was $5.63 million.

Fort Orange shareholders who elect either only Cash Consideration or only Stock Consideration for their shares may be required to accept a mix of the two in accordance with allocation provisions in the Merger Agreement. The reason is that the total consideration to be paid by Chemung Financial in the Merger is subject to the requirement that 25% of the Fort Orange common stock be acquired for the Cash Consideration and that 75% be acquired for the Stock Consideration. The ability to receive all stock or all cash will depend on the elections of other Fort Orange shareholders. The allocation of the mix of consideration payable to Fort Orange shareholders who elect only cash or only stock will not be known until Chemung Financial tallies the results of the cash/stock elections made by all Fort Orange shareholders, which will not occur until at or near the completion of the Merger (the “Effective Time”). No guarantee can be made that Fort Orange shareholders will receive the amounts of cash or stock that they elected. If such an allocation is necessary to meet the overall 25% for cash and 75% for stock requirement, it shall be done on a prorated basis among the Fort Orange shareholders affected. Those Fort Orange shareholders who initially elect to receive cash for 25% of their stock and stock for the other 75% will not be subject to the allocation. See “The Merger and the Merger Agreement - Merger Consideration” beginning on page 38 and “The Merger and the Merger Agreement - Allocation Procedures” beginning on page 40 . Also Fort Orange shareholders who own 100 or fewer shares and who elect only Cash Consideration will not be subject to the allocation and will receive only cash.

Q: How do Fort Orange shareholders register their election to receive cash, Chemung Financial common stock or a combination of both?

A: If the Merger is approved by the shareholders of both Chemung Financial and Fort Orange, then an election form will be provided to Fort Orange shareholders under separate cover. Each Fort Orange shareholder should complete and return the election form, along with such holder's Fort Orange stock certificate(s), according to the instructions included with the form. The election deadline will be 5:00 p.m., Eastern Standard Time, on the date specified in the election form. If you own shares of Fort Orange common stock in "street name" through a bank, broker or other financial institution and you wish to make an election, you should seek instructions from the financial institution holding your shares concerning how to make an election. If you do not send in the election form with your stock certificate(s) by the election deadline, you will be treated as though you have not made an election.

Q: What happens if a Fort Orange shareholder does not make a valid election to receive cash, Chemung Financial common stock or a combination of both?

A: If a Fort Orange shareholder does not return a properly completed election form by the election deadline specified in the election form, such shareholder's Fort Orange common stock will be considered "non-election shares" and will be converted into the right to receive the Stock Consideration and/or the Cash Consideration as determined by Chemung Financial according to the allocation procedures specified in the Merger Agreement.

Q: When will the Merger be completed?

A: We expect the Merger will be completed when all of the conditions to completion contained in the Merger Agreement are satisfied or waived, including the receipt of required regulatory approvals, the approval of the Merger by Chemung Financial shareholders at the Chemung Financial special meeting and the adoption of the Fort Orange Merger proposal by Fort Orange shareholders at the Fort Orange special meeting. We currently expect to complete the Merger early in the second calendar quarter of 2011; however, there is no assurance that it will occur at such time, as certain conditions to the completion of the Merger, such as the receipt of required regulatory approvals, are not entirely within our control.

Q: What happens if the Merger is not completed?

A: If the Merger is not completed, Fort Orange shareholders will not receive any consideration for their shares of common stock in connection with the Merger. Instead, Fort Orange will remain an independent public company and its common stock will continue to be eligible for trading on Pinksheets.com. In the event of termination of the Merger Agreement under certain specified circumstances, Fort Orange may be required to pay to Chemung Financial a termination fee of 2.5% of the aggregate value of the merger consideration that would have been paid to Fort Orange shareholders had the Merger been completed on the date of termination. See the Merger Agreement under "Conditions to the Merger -Termination; Termination Fee" beginning on page 69 .

Q: Who is being asked to approve matters in connection with the Merger?

A: Both Chemung Financial shareholders and Fort Orange shareholders are being asked to vote to approve the Merger-related proposals.

Fort Orange's common stock is traded over-the-counter on Pinksheets.com and Chemung Financial's common stock is traded over-the-counter on the OTCBB. Although neither PinkSheets.com nor OTCBB rules requires shareholder approval in connection with the Merger, the certificate of incorporation of Fort Orange and applicable New York and Delaware law do require shareholder approval. By this joint proxy statement/prospectus, Chemung Financial's board of directors is soliciting proxies from Chemung Financial's shareholders and Fort Orange's board of directors is soliciting proxies from Fort Orange's shareholders, to provide these approvals at the special meeting of Chemung Financial shareholders and Fort Orange shareholders, respectively, as discussed below.

Q: Should Fort Orange shareholders send in their stock certificates with the enclosed proxy?

A: No. Fort Orange shareholders SHOULD NOT send in any stock certificates now with the enclosed proxy. An election form and transmittal materials, with instructions for their completion will be provided to Fort Orange shareholders under separate cover and the stock certificates should be sent with those materials at that time.

In the event that a Fort Orange shareholder fails to return a completed election form with such shareholder's stock certificates prior to the expiration of the election period and has not perfected a valid request for appraisal of such shares, a letter of transmittal with instructions for submission of such stock certificates will be mailed to such shareholder shortly following the Effective Time.

Q: What are the material federal income tax consequences of the Merger to Fort Orange shareholders?

A: Chemung Financial and Fort Orange will not be required to complete the Merger unless they receive legal opinions from their respective counsel to the effect that the Merger will qualify as a tax-free reorganization for federal income tax purposes. Provided that the Merger qualifies as a reorganization for federal income tax purposes, the specific tax consequences of the Merger to a Fort Orange shareholder will depend upon the form of consideration such shareholder will receive in the Merger. If a Fort Orange shareholder receives solely shares of Chemung Financial common stock (and cash in lieu of any fractional share of Chemung Financial common stock), in exchange for Fort Orange common stock, then such shareholder generally will not recognize any gain or loss, except with respect to the cash received instead of a fractional share. If a Fort Orange shareholder receives solely cash, then such shareholder generally will recognize gain or loss equal to the difference between the amount of cash the shareholder receives and the applicable cost basis in the Fort Orange common stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if the Fort Orange shareholder has established a holding period of more than one year for the shareholder's Fort Orange common stock. If a Fort Orange shareholder receives a combination of whole shares of Chemung Financial common stock and cash, in exchange for the shares of Fort Orange common stock, then the Fort Orange shareholder may recognize gain, but will not recognize loss, upon the exchange of the whole shares of Fort Orange common stock for shares of Chemung Financial common stock and cash. If the sum of the fair market value of the Chemung Financial common stock and the amount of cash the Fort Orange shareholder receives in exchange for the shares of Fort Orange common stock exceeds the cost basis of the Fort Orange shareholder's common stock, the shareholder will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash the shareholder receives in the exchange. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if a Fort Orange shareholder has established a holding period of more than one year for the shareholder's Fort Orange common stock. Depending on certain facts specific to each Fort Orange shareholder, it is possible, although quite unlikely, that any gain could instead be characterized as ordinary dividend income.

For a more detailed discussion of the material federal income tax consequences of the transaction, see "Material Federal Income Tax Consequences of the Merger" beginning on page 72 .

The tax consequences of the Merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the Merger.

Q: Are Fort Orange shareholders entitled to appraisal rights?

A: Yes. Under the Delaware General Corporation Law, record holders of Fort Orange common stock who do not vote in favor of the proposal to adopt the Merger Agreement will be entitled to seek appraisal rights in connection with the Merger, and if the Merger is completed, obtain payment in cash equal to the fair value of their shares of Fort Orange common stock as determined by the Court of Chancery of the State of Delaware, instead of the merger consideration. To exercise their appraisal rights, Fort Orange shareholders must strictly follow the procedures prescribed by Delaware law. Upon at least twenty (20) days notice in advance of the special meeting given by Fort Orange, a record holder of Fort Orange stock may elect to demand appraisal of such shares by: (i) delivering a written demand for appraisal to Fort Orange before the vote is taken to approve the Merger proposal, which written demand shall inform Fort Orange of the identity of the shareholder and the shareholder's intention to demand an appraisal of such shareholder's shares of stock; and (ii) not vote for the Merger in person or by proxy. A vote in person or by proxy against the Merger or an abstention from voting shall not constitute a demand for an appraisal.

All demands for appraisal should be addressed to Fort Orange Financial Corp., Attention: Corporate Secretary, 1375 Washington Avenue, Albany, New York 12206, and must be delivered before the vote is taken to approve the proposal to adopt the Merger Agreement at the special meeting, and should be executed by, or on behalf of, the record holder of the shares of common stock. Within ten (10) days after the effective date of the Merger, if approved, Chemung Financial, as the surviving entity, shall notify each dissenting shareholder who has complied with the appraisal rights procedures of the effective date of the Merger. These procedures are summarized in this joint proxy statement/prospectus under "Appraisal Rights" beginning on page 168 . In addition, the text of the applicable provisions of Delaware law is included as Appendix G to this joint proxy statement/prospectus. Failure to strictly comply with these provisions will result in the loss of appraisal rights. For a more complete description of appraisal rights, please refer to the section entitled "Appraisal Rights" beginning on page 168 .

Q: Are there any risks that I should consider in deciding whether to vote for approval of the Merger-related proposals?

A: Yes. You should read and carefully consider the risk factors set forth in the section of this joint proxy statement/prospectus entitled “Risk Factors” beginning on page 20 .

Q: When and where will Fort Orange shareholders meet?

A: Fort Orange will hold a special meeting of its shareholders on March [24] , 2011, at 9:30 a.m., Eastern Standard Time, at [the Hilton Garden Inn (Albany Medical Center), 62 New Scotland Avenue, Albany, New York] .

Q: What matters are Fort Orange shareholders being asked to approve at the Fort Orange special meeting pursuant to this joint proxy statement/prospectus?

A: Fort Orange shareholders are being asked to adopt the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger.

Q: What does Fort Orange’s Board of Directors recommend with respect to the Fort Orange Merger proposal?

A: Fort Orange’s board of directors has unanimously approved the Merger Agreement and determined that the Merger Agreement and the Merger are fair to and in the best interests of Fort Orange and its shareholders and unanimously recommends that Fort Orange shareholders vote “FOR” the Fort Orange Merger proposal.

Q: Did the Board Of Directors of Fort Orange receive an opinion from a financial advisor with respect to the Merger?

A: Yes. On October 14, 2010, FinPro, Inc., which we refer to in this joint proxy statement/prospectus as “FinPro,” rendered its written opinion to the board of directors of Fort Orange that, as of such date and based upon and subject to the factors and assumptions described to the Fort Orange board during its presentation and set forth in the opinion, the consideration in the proposed Merger was fair, from a financial point of view, to holders of Fort Orange common stock. The full text of FinPro’s written opinion is attached as Appendix E to this joint proxy statement/prospectus. Fort Orange shareholders are urged to read the opinion in its entirety.

Q: Who can vote at the Fort Orange special meeting?

A: Holders of record of Fort Orange common stock at the close of business on February [9] , 2011, which is the record date for the Fort Orange special meeting, are entitled to vote at the special meeting.

Q: How many votes must be represented in person or by proxy at the Fort Orange special meeting to have a quorum?

A: The holders of a majority of the shares of Fort Orange common stock outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting.

Q: What vote by Fort Orange shareholders is required to approve the Fort Orange Merger proposal?

A: Assuming a quorum is present at the Fort Orange special meeting, approval of the Fort Orange Merger proposal will require the affirmative vote of the holders of at least a majority of the outstanding shares of Fort Orange common stock entitled to vote. Submission of proxies not designating an election will have the same effect as shares voted “FOR” the Fort Orange Merger proposal. Abstentions and broker non-votes will have the same effect as shares voted “AGAINST” the Fort Orange Merger proposal.

As of the record date for the special meeting, directors and executive officers of Fort Orange, together with their affiliates, had sole or shared voting power over approximately ____% of the Fort Orange common stock outstanding and entitled to vote at the special meeting. Fort Orange directors have agreed with Chemung Financial that all shares over which they or members of their immediate families have sole or shared voting control shall be voted in favor of the Merger. The aggregate total of these shares is ______ or ___% of the total votes entitled to be cast at the special meeting.

Q: How may the Fort Orange shareholders vote their shares for the Fort Orange Merger proposal presented in this joint proxy statement/prospectus?

A: Fort Orange shareholders may vote by using the internet at the address shown on the proxy card, by telephone using the number on the proxy card or by completing, signing, dating and returning the proxy card in the enclosed prepaid return envelope as soon as possible or by attending the Fort Orange special meeting in person and voting their shares at the meeting. This will enable their shares to be represented and voted at the special meeting.

Q: Will a broker or bank holding shares in "street name" for a Fort Orange shareholder automatically vote those shares for the shareholder at the Fort Orange special meeting?

A: No. A broker or bank WILL NOT be able to vote your shares with respect to the Fort Orange Merger proposal without first receiving instructions from you on how to vote. If your shares are held in "street name," you will receive separate voting instructions with your proxy materials. It is therefore important that you provide timely instruction to your broker or bank to ensure that all shares of Fort Orange common stock that you own are voted at the special meeting.

Q: Will Fort Orange shareholders be able to vote their shares at the Fort Orange special meeting in person?

A: Yes. Submitting a proxy will not affect the right of any Fort Orange shareholder to vote in person at the special meeting. If a Fort Orange shareholder holds shares in "street name," the shareholder's broker or bank should be asked how to vote those shares in person at the special meeting.

Q: What do Fort Orange shareholders need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, Fort Orange shareholders are requested to vote by mail, by telephone, through the internet or by attending the special meeting and voting in person. If you choose to vote by mail, you should complete, sign, date and promptly return the enclosed proxy card. The proxy card will instruct the persons named on the proxy card to vote the shareholder's Fort Orange shares at the special meeting as the shareholder directs. If a shareholder signs and sends in a proxy card and does not indicate how the shareholder wishes to vote, the proxy will be voted "FOR" the Fort Orange Merger proposal. If you fail to mail in your proxy card or vote via internet or the telephone or by attending the Fort Orange special meeting and voting in person, you will be deemed to have voted "AGAINST" the Fort Orange Merger proposal.

Q: What should a Fort Orange shareholder do if he or she receives more than one set of voting materials?

A: As a Fort Orange shareholder, you may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple Fort Orange proxy cards or voting instruction cards. For example, if you hold your Fort Orange shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold Fort Orange shares. If you are a holder of record and your Fort Orange shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of both Fort Orange common stock and Chemung Financial common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus in the sections entitled "Fort Orange Special Meeting of Shareholders" and "Chemung Financial Special Meeting of Shareholders."

Q: May a Fort Orange shareholder change or revoke the shareholder's vote after submitting a proxy?

A: Yes. If you have not voted through your broker, you can change your vote by: (i) providing written notice of revocation to the Corporate Secretary of Fort Orange, which must be filed with the Corporate Secretary by the time the special meeting begins; (ii) submitting a new proxy card or voting again by telephone or via internet; or (iii) attending the special meeting and voting in person. Any earlier proxy will be automatically revoked; however, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow your broker's directions to change your vote.

Q: What else have Fort Orange directors agreed to do in connection with the Merger?

A: Each of the Fort Orange directors, other than Peter D. Cureau ("Mr. Cureau"), have executed a voting and non-competition agreement under which they have agreed to vote their shares of Fort Orange common stock for adoption of the Fort Orange Merger proposal. The form of voting and non-competition agreement is attached to the Merger Agreement. In addition to voting in favor of the Merger, the Fort Orange directors have also agreed, subject to their fiduciary duties, to vote against any proposal for another merger or similar transaction, or to take any action that would result in a breach by Fort Orange under the Merger Agreement. Mr. Cureau, President and Chief Executive Officer (up until December 31, 2010, at which time his employment will terminate, pursuant to the terms of an agreement by and between Mr. Cureau, Chemung Financial and Capital Bank dated as of October 20, 2010, as amended on December 28, 2010) and director of Fort Orange and Capital Bank agreed to similar provisions pursuant to a voting agreement he executed in connection with the Merger Agreement.

Q: What happens if I sell my shares of Fort Orange common stock before the special meeting?

A: The record date for Fort Orange shareholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the completion of the Merger. If you transfer your Fort Orange shares of common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the Merger consideration to the person to whom you transfer your shares.

Q: If I am a Fort Orange shareholder, who can help answer my questions?

A: If you have any questions about the Merger or the special meeting, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Fort Orange's Executive Vice President and Chief Financial Officer, Steven J. Owens via telephone at (518) 433-5810 or by mail, Fort Orange Financial Corp., Attention: Steven J. Owens, Executive Vice President and CFO, 1375 Washington Avenue, Albany, New York 12206.

Q: When and where will Chemung Financial shareholders meet?

A: Chemung Financial will hold a special meeting of its shareholders on March 24 , 2011, at 3:00 p.m., Eastern Standard Time, at the principal office of Chemung Financial, One Chemung Canal Plaza, Elmira , New York.

Q: What matters are Chemung Financial shareholders being asked to approve at the Chemung Financial special meeting in connection with the Merger pursuant to this joint proxy statement/prospectus?

A: Chemung Financial shareholders are being asked to approve the Merger.

Q: What does Chemung Financial's Board of Directors recommend with respect to the Chemung Financial Merger proposal?

A: Chemung Financial's board of directors has unanimously approved the Merger Agreement and determined that the Merger Agreement and the Merger are fair to and in the best interests of Chemung Financial and its shareholders and recommends that Chemung Financial shareholders vote "FOR" the Chemung Financial Merger proposal.

Q: Did the Board of Directors of Chemung Financial receive an opinion from a financial advisor with respect to the Merger?

A: Yes. On October 14, 2010, Sandler O'Neill & Partners, L.P. ("Sandler O'Neill") rendered its written opinion to the board of directors of Chemung Financial that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in the opinion, the Merger consideration in the proposed Merger was fair to Chemung Financial's shareholders from a financial point of view. The full text of Sandler O'Neill's written opinion is attached as Appendix F to this joint proxy statement/prospectus. Chemung Financial shareholders are urged to read the entire opinion carefully.

Q: Who can vote at the Chemung Financial special meeting?

A: Holders of record of Chemung Financial common stock at the close of business on February [9] , 2011, which is the record date for the Chemung Financial special meeting, are entitled to vote at the special meeting.

Q: How many votes must be represented in person or by proxy at the Chemung Financial special meeting to have a quorum?

A: The holders of a majority of the shares of Chemung Financial common stock outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting.

Q: What vote by Chemung Financial shareholders is required to approve the Chemung Financial Merger proposal?

A: Assuming a quorum is present at the Chemung Financial special meeting, approval of the Merger will require the affirmative vote of holders of at least 66 2/3% of the shares of Chemung Financial common stock outstanding and entitled to vote on such proposals. Abstentions and broker non-votes will have the same effect as shares voted “AGAINST” the Chemung Financial Merger proposal and proxies submitted without instructions as to voting will have the same effect as shares voted “FOR” the Merger.

As of the record date for the special meeting, directors and executive officers of Chemung Financial, together with their affiliates, had sole or shared voting power over approximately ______% of the Chemung Financial common stock outstanding and entitled to vote at the special meeting. Chemung Financial’s directors and executive officers have indicated that they intend to vote their shares in favor of the Merger.

Q: How may Chemung Financial shareholders vote their shares for the Chemung Financial Merger proposal presented in this joint proxy statement/prospectus?

A: Chemung Financial shareholders may vote via the internet at the address shown on the proxy card, by telephone using the number on the proxy card, by completing, signing, dating and returning the proxy card in the enclosed prepaid return envelope as soon as possible or by attending the Chemung Financial special meeting in person and voting their shares at the meeting. This will enable their shares to be represented and voted at the special meeting.

Q: Will a broker or bank holding shares in “street name” for a Chemung Financial shareholder automatically vote those shares for the shareholder at the Chemung Financial special meeting?

A: No. A broker or bank WILL NOT be able to vote your shares with respect to the Merger proposal without first receiving instructions from you on how to vote. If your shares are held in “street name,” you will receive separate voting instructions with your proxy materials. It is therefore important that you provide timely instructions to your broker or bank to ensure that all shares of Chemung Financial common stock that you own are voted at the special meeting.

Q: Will Chemung Financial shareholders be able to vote their shares at the Chemung Financial special meeting in person?

A: Yes. Submitting a proxy will not affect the right of any Chemung Financial shareholder to vote in person at the special meeting. If a Chemung Financial shareholder holds shares in “street name,” the shareholder must ask its broker or bank how to vote those shares in person at the special meeting.

Q: What do Chemung Financial shareholders need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, Chemung Financial shareholders are requested to vote for or against the Chemung Financial Merger proposal by mail, by telephone, through the internet or by attending the special meeting and voting in person. If you choose to vote by mail, you should complete, sign, date and promptly return the enclosed proxy card. The proxy card will instruct the persons named on the proxy card to vote the shareholder's Chemung Financial shares at the special meeting as the shareholder directs. If a shareholder signs and sends in a proxy card and does not indicate how the shareholder wishes to vote, the proxy will be voted "FOR" the Chemung Financial Merger proposal. If you fail to send your proxy card or to vote by telephone, internet or by attending the Chemung Financial special meeting and voting in person, it will have the same effect as having voted "AGAINST" the Chemung Financial Merger proposal.

Q: What should a Chemung Financial shareholder do if he or she receives more than one set of voting materials?

A: As a Chemung Financial shareholder, you may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your Chemung Financial shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold Chemung Financial shares. If you are a holder of record and your Chemung Financial shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of both Fort Orange common stock and Chemung Financial common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus in the sections entitled “Chemung Financial Special Meeting of Shareholders” and “Fort Orange Special Meeting of Shareholders.”

Q: May a Chemung Financial shareholder change or revoke his or her vote after submitting a proxy?

A: Yes. If you have not voted through your broker, you can change your vote by: (i) providing written notice of revocation to the Corporate Secretary of Chemung Financial, which must be filed with the Corporate Secretary by the time the special meeting begins; submitting a new proxy card or voting again by telephone or internet (any earlier proxies will be revoked automatically); or (ii) attending the special meeting and voting in person. Any earlier proxy will be revoked; however, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow your broker’s directions to change your vote.

Q: If I am a Chemung Financial shareholder, who can help answer my questions?

A: If you have any questions about the Merger or the special meeting, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Chemung Financial’s Corporate Secretary, Jane H. Adamy, via telephone at (607) 737-3788 or by mail, Chemung Financial Corporation, Attention: Jane H. Adamy, Corporate Secretary, One Chemung Canal Plaza, P.O. Box 1522, Elmira, New York 14902.

Q: Where can I find more information about Chemung Financial and Fort Orange?

A: You can find more information about Chemung Financial and Fort Orange from the various sources described under the section entitled “Where You Can Find More Information” on page 1 .

Summary

This summary highlights selected information included in this joint proxy statement/prospectus and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which we refer before you decide how to vote with respect to the Merger-related proposals. In addition, we incorporate by reference important business and financial information about Fort Orange and Chemung Financial into this joint proxy statement/prospectus. For a description of this information, see "Incorporation of Certain Documents by Reference" on page 168 . You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" on page 1 . Each item in this summary includes a page reference directing you to a more complete description of that item.

Unless the context otherwise requires, throughout this joint proxy statement/prospectus, "Chemung Financial " refers to Chemung Financial Corporation, "Chemung Canal" refers to Chemung Canal Trust Company, "Fort Orange" refers to Fort Orange Financial Corp.; and "Capital Bank" refers to Capital Bank & Trust Company. "We," "us" and "our" refers collectively to Chemung Financial and Fort Orange. Also, we refer to the proposed merger of Fort Orange with and into Chemung Financial as the "Merger," and the Agreement and Plan of Merger, dated as of October 14, 2010, and amended as of December 28, 2010 by and between Chemung Financial and Fort Orange as the "Merger Agreement."

This joint proxy statement/prospectus, including information included or incorporated by reference in this joint proxy statement/prospectus, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to: (i) statements of goals, intentions and expectations; (ii) statements regarding business plans, prospects, growth and operating strategies; (iii) statements regarding the asset quality of loan and investment portfolios; (iv) statements regarding estimates of risks and future costs and benefits; and (v) other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of the managements of Chemung Financial and Fort Orange and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Chemung Financial's and Fort Orange's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. See "Forward-Looking Statements" on page 168 .

The Parties

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Elmira, New York 14902
(607) 737-3711

Chemung Financial is a bank holding company registered with the Board of Governors of the Federal Reserve System (the "Federal Reserve") and has been registered with the Federal Reserve as a financial holding company since June 22, 2000. It has two wholly-owned subsidiaries – Chemung Canal and CFS Group, Inc. Chemung Canal provides a wide range of retail and commercial banking, as well as trust services, and CFS Group, Inc. offers a wide array of non-banking financial services.

Chemung Financial, through Chemung Canal, operates 23 full-service offices, including the main office, in portions of the southern tier of New York and the northern tier of Pennsylvania. Seven of its branch offices are in Chemung County and thirteen are located in adjacent counties of Broome, Schuyler, Steuben, Tioga and Tompkins counties in

New York, and three full-service offices in Bradford County, Pennsylvania. Chemung Canal provides its retail consumers and business customers with banking services including residential and commercial real estate loans, commercial business loans and leases, consumer loans, as well as retail and commercial deposit products. Additionally, Chemung Financial, through Chemung Canal, offers various trust services, as well as investment, pension, estate planning and employee benefit administrative services.

CFS Group, Inc. offers a variety of financial services such as mutual funds, annuities and other insurance products, full and discount brokerage services and tax preparation services.

As of September 30, 2010, Chemung Financial had $972.7 million of assets, $803.5 million in deposits, and $97.3 million in shareholders' equity. Chemung Financial's common stock is traded on the OTCBB under the symbol "CHMG.OB."

Fort Orange Financial Corp.
1375 Washington Avenue
Albany, New York 12206
(518) 434-1212

Fort Orange is a bank holding company headquartered in Albany, New York and the parent company of Capital Bank, the only bank headquartered in the City and County of Albany. Capital Bank operates five full-service branch offices in the Albany area and provides a full range of commercial banking products and services.

As of September 30, 2010, Fort Orange had consolidated assets of $270.9 million, total deposits of $210.2 million and shareholders' equity of $22.6 million. Fort Orange's common stock is traded on Pinksheets.com under the symbol "FOFC."

The Merger and the Merger Agreement (page 34)

The terms and conditions of the Merger are contained in the Merger Agreement, which, together with an amendment to the Merger Agreement, is attached to this joint proxy statement/prospectus as Appendix A1 and Appendix A2, respectively. We encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger.

Under the terms of the Merger Agreement, Fort Orange will merge with and into Chemung Financial, with Chemung Financial surviving the Merger. Immediately following the Merger, Capital Bank will merge with and into Chemung Canal, with Chemung Canal being the surviving entity.

Merger Consideration (page 38)

If the Merger is approved and is subsequently completed, Fort Orange shareholders (other than dissenting shareholders) will be given the opportunity to receive for their shares of Fort Orange common stock: (i) all cash in the amount of $7.50 per share, without interest (the "Cash Consideration"); (ii) all Chemung Financial common stock, at an exchange ratio of 0.3571 of a share of Chemung Financial common stock for each share of Fort Orange common stock (the "Stock Consideration") or (iii) a mix of Cash Consideration for 25% of their shares and Stock Consideration for 75% of their shares. The exchange ratio of 0.3571 of a share of Chemung Financial common stock for each share of Fort Orange common stock is subject to downward adjustment if the Closing Price exceeds $25.20 per share. In addition, the Cash Consideration of $7.50 per share and the Stock Consideration exchange ratio of 0.3571 of a share of Chemung Financial common stock are each subject to downward adjustment on a sliding scale as described in the Merger Agreement if the Delinquent Loans (as defined in the Merger Agreement) in the Fort Orange loan portfolio increase prior to completion of the Merger. At September 30, 2010 and December 31, 2010 (the most recent practicable dates for which information with respect to Delinquent Loans was available prior to the signing of the Merger Agreement and the filing of this joint proxy statement/prospectus, respectively), the amount of Delinquent Loans was $3.69 million and $5.63 million, respectively, and such amounts were not high enough to cause a reduction in the Cash Consideration or the Stock Consideration.

An amount of 25% of all outstanding Fort Orange common stock must be exchanged for Cash Consideration and the remaining 75% must be exchanged for Stock Consideration. We refer to the aggregate amount of Fort Orange common stock to be acquired with Cash Consideration as the "Cash Consideration Pool" and the aggregate amount of Stock Consideration to be acquired with Stock Consideration as the "Stock Consideration Pool". In the event that the Cash Consideration Pool initially selected by Fort Orange shareholders is oversubscribed (i.e. exceeds 25% of the outstanding Fort Orange common stock), Fort Orange shareholders who make a cash only election will receive a mix of Cash Consideration and Stock Consideration. In the event that the Stock Consideration Pool initially selected by the Fort Orange shareholders is oversubscribed (i.e. exceeds 75% of the outstanding Fort Orange common stock), Fort Orange shareholders who make a stock only election will receive a mix of Cash Consideration and Stock Consideration in the Merger. The allocation of the mix of consideration payable to Fort Orange shareholders who initially make such a cash only or stock only election will not be known until Chemung Financial tallies the results of the cash/stock elections made by all Fort Orange shareholders, which will not occur until near or at the Effective Time. The allocation shall be prorated among the Fort Orange shareholders affected. Fort Orange shareholders who initially make an election to submit 25% of their stock for Cash Consideration and 75% for Stock Consideration will not be subject to such an allocation. Also, Fort Orange shareholders who own 100 or fewer than 100 shares and who elect only Cash Consideration will not be subject to the allocation and will receive only cash.

The following table shows the closing prices of Chemung Financial common stock and Fort Orange common stock at October 14, 2010 (the execution date of the Merger Agreement) and January 19, 2011 (the most recent practicable trading day prior to the filing of this joint proxy statement/prospectus):

Closing Price	Chemung Financial		Fort Orange	
October 14, 2010	$	21.50	$	4.55
January 19, 2011	$	22.70	$	7.12

No assurance can be given (and it is not likely) that the current market price of Chemung Financial common stock will be equivalent to the market price of Chemung Financial common stock on the date that Stock Consideration is received by Fort Orange shareholders or at any other time. At the Effective Time, the market price of the Stock Consideration could be greater or less than the value of the Cash Consideration due to fluctuations in the market price of Chemung Financial common stock.

Exchange Procedures; Surrender of Stock Certificates (page 40)

An election form and transmittal materials, with instructions for their completion, will be provided to Fort Orange shareholders of record as of the record date under separate cover. The election procedure entitles such shareholders to elect to receive cash, Chemung Financial common stock, or a combination of cash and stock, or to make no election with respect to the merger consideration. To make an effective election, a Fort Orange shareholder of record must submit a properly completed election form along with such shareholder's stock certificate(s) to the exchange agent by the election deadline, which shall be on or before 5:00 p.m., Eastern Standard Time, on the date specified in the election form. Fort Orange shareholders are urged to carefully read and follow the instructions for completion of the election form and to submit the form in advance of the election deadline.

In the event that a Fort Orange shareholder fails to return a completed election form with such shareholder's stock certificates prior to the expiration of the election period or has not perfected a valid request for appraisal of such shares, a letter of transmittal with instruction for submission of such stock certificates will be mailed to such shareholder shortly following the Effective Time.

Effective Time of the Merger (page 61)

The Merger will occur after the satisfaction of all the closing conditions specified in the Merger Agreement, including the receipt of all regulatory and shareholder approvals and after the expiration of all regulatory waiting periods and shall be effective on the date specified in the certificate of merger filed with the New York Secretary of State and the Delaware Secretary of State. As of the date of this joint proxy statement/prospectus, the parties expect that the Effective Time will occur early in the second calendar quarter of 2011; however, there can be no assurance as to when or if the Merger will be completed.

Fort Orange Special Meeting of Shareholders (page 29)

A special meeting of the shareholders of Fort Orange will be held at [the Hilton Garden Inn (Albany Medical Center), 62 New Scotland Avenue, Albany, New York] at 9:30 a.m., Eastern Standard Time, on March [24] , 2011, to approve the Fort Orange Merger proposal and to transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

You can vote at the special meeting of Fort Orange shareholders if you owned Fort Orange common stock at the close of business on February [9] , 2011, the record date. On that date, there were ____ shares of Fort Orange common stock outstanding and entitled to vote, approximately ___% of which were owned by Fort Orange directors and executive officers and their affiliates. You can cast one vote for each share of Fort Orange common stock you owned on that date.

In order to approve the Fort Orange Merger proposal, assuming a quorum is present at the Fort Orange special meeting, the holders of a majority of the outstanding shares of Fort Orange common stock entitled to vote on such proposal must vote in favor of the proposal. If you fail to submit a proxy or fail to vote in person at the special meeting, or do not provide your broker with instructions, as applicable, your shares of common stock will not be voted on the Fort Orange Merger proposal, which will have the same effect as a vote “AGAINST” the Fort Orange Merger proposal.

Chemung Financial Special Meeting of Shareholders (page 31)

A special meeting of the shareholders of Chemung Financial will be held at the principal office of Chemung Financial, One Chemung Canal Plaza, Elmira , New York, at 3:00 p.m., Eastern Standard Time, on March 24 , 2011, to approve the Chemung Financial Merger proposal and to transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

You can vote at the Chemung Financial special meeting if you owned Chemung Financial common stock at the close of business on February [9] , 2011, the record date. On that date, there were ____ shares of Chemung Financial common stock outstanding and entitled to vote, approximately ___% of which were owned by Chemung Financial directors and executive officers and their affiliates. You can cast one vote for each share of Chemung Financial common stock you owned on that date.

In order to approve the Chemung Financial Merger proposal, assuming a quorum is present at the Chemung Financial special meeting, the holders of at least 66 2/3% of the outstanding Chemung Financial common stock entitled to vote on such proposal must vote in favor of the proposal. If you fail to submit a proxy or fail to vote in person at the special meeting, or do not provide your broker with instructions, as applicable, your shares of common stock will not be voted on the Chemung Financial Merger proposal, which will have the same effect as a vote “AGAINST” the Chemung Financial Merger proposal.

Recommendation of the Fort Orange Board of Directors and Reasons for the Merger (page 42)

The Fort Orange board of directors has unanimously determined that the Merger Agreement and the Merger are fair to and in the best interests of Fort Orange and its shareholders and accordingly unanimously approved the Merger Agreement and recommends that Fort Orange shareholders vote “FOR” the Fort Orange Merger proposal.

In determining whether to approve the Merger Agreement and recommend adoption of the Merger Agreement to the Fort Orange shareholders, Fort Orange’s board considered the factors described under “The Merger and the Merger Agreement - Recommendation of the Fort Orange Board of Directors and Reasons for the Merger.”

Opinion of Fort Orange’s Financial Advisor (page 45 and Appendix E)

On October 14, 2010, FinPro rendered its written opinion to the board of directors of Fort Orange, that, as of such date and based upon and subject to the factors and assumptions described to the Fort Orange board during its presentation and set forth in its written opinion, the consideration in the proposed Merger was fair, from a financial point of view, to Fort Orange and its shareholders. The full text of FinPro’s written opinion, which sets forth the assumptions made, matters considered and limits on the review undertaken in connection with the opinion, is attached as Appendix E to this joint proxy statement/prospectus and is incorporated by reference herein in its entirety. Fort Orange shareholders are urged to read the entire opinion carefully in connection with their consideration of the Fort Orange Merger proposal. FinPro’s written opinion is addressed to the board of directors of Fort Orange, is directed only to the consideration in the Merger and does not constitute a recommendation as to how any holder of Fort Orange common stock should vote with respect to the Merger or any other matter.

Interests of Fort Orange Directors and Executive Officers in the Merger (page 50)

In considering the recommendation of the board of directors of Fort Orange to adopt the Merger Agreement, you should be aware that executive officers and directors of Fort Orange have employment and other agreements and are participants in stock option, stock award and stock unit plans that give them interests in the Merger that are different from, or in addition to, their interests as Fort Orange shareholders. These interests and agreements include: (i) an agreement between Fort Orange and Mr. Cureau which provides that completion of the Merger will entitle him to a severance payment of $375,000.00 and will accelerate the vesting of his stock option rights and restricted stock awards with respect to Fort Orange common stock; (ii) an employment agreement between Fort Orange and Steven J. Owens ("Mr. Owens"), Executive Vice President and CFO of Fort Orange and Capital Bank, which provides that, subject to certain restrictions and limitations, completion of the Merger and termination of his employment thereafter by Fort Orange or by him for "good reason" (as that term is defined in the employment agreement) will entitle him to a severance payment of twice the amount of his then current base salary, an amount equal to the employer –provided matching contribution under Capital Bank's 401(k) Plan that would have been made if Mr. Owens had continued his employment for two years beyond the termination date, continuance of his insurance, indemnity and officers' liability protection benefits, reimbursement for outplacement services up to $5,000.00, and he will become a consultant to Chemung Financial for an annual fee of $7,500.00 for a period of two years following the termination; (iii) at the Effective Time, each option held by a director, officer, or employee to purchase shares of Fort Orange common stock (each, a "Fort Orange Stock Option") outstanding and unexercised will become vested, to the extent not already vested, and immediately exercisable.

In addition, two other employees have change in control agreements that provide for a payment equal to either 75% or 100% of the amount of their then respective current base salary if Chemung Financial terminates the employee's employment "without cause" or if the employee terminates employment for "good reason" (as those terms are defined in the respective change in control agreements) within twelve months of the completion of the Merger.

At the Effective Time, each director, officer and employee holding a Fort Orange Stock Option will become entitled to receive cash in an aggregate amount equal to the product of (i) the number of shares of Fort Orange common stock subject to the unexercised Fort Orange Stock Option, times (ii) the difference, if any, between (x) the sum of: (1) 75% of the product of the exchange ratio and the Closing Price plus (2) 25% of $7.50, and (y) the applicable exercise price per share under such Fort Orange Stock Option. At the Effective Time, all outstanding and unvested rights to receive shares of Fort Orange common stock granted to officers and employees pursuant to the Fort Orange 2007 Stock-Based Incentive Plan (other than a Fort Orange Stock Option), which are collectively referred to as "Fort Orange Restricted Stock Awards," shall vest and be free of any restrictions and shall be exchanged for the merger consideration and all rights of non-employee directors of Fort Orange to convert stock units awarded to them shall vest and be free of any restrictions and shall be converted to shares of Fort Orange common stock which shall then be exchanged for the merger consideration. Additional interests in the Merger of directors and officers include the appointment of two Fort Orange or Capital Bank directors to each of the boards of Chemung Financial and Chemung Canal; the appointment of all other Fort Orange and Capital Bank directors (other than Mr. Cureau) to a paid regional advisory board of Chemung Financial and Chemung Canal; and rights of Fort Orange and Capital Bank officers and directors to indemnification and directors' and officers' liability insurance.

Recommendation of the Chemung Financial Board of Directors and Reasons for the Merger (page 41)

The Chemung Financial board of directors has unanimously determined that the Merger Agreement and the Merger are fair to, and in the best interests of, Chemung Financial and its shareholders and, accordingly, unanimously approved the Merger Agreement and recommends that Chemung Financial shareholders vote "FOR" the approval of the Chemung Financial Merger proposal.

In determining whether to approve the Merger Agreement and recommend approval of the Chemung Financial Merger proposal, Chemung Financial's board considered the factors described under "Recommendation of the Chemung Financial Board of Directors and Reasons for the Merger."

Opinion of Chemung Financial's Financial Advisor (page 45 and Appendix F)

On October 14, 2010, Sandler O'Neil rendered its opinion to the board of directors of Chemung Financial that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in the opinion, the merger consideration in the proposed Merger was fair to Chemung Financial and its shareholders from a financial point of view. The full text of Sandler O'Neill's written opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix F to this joint proxy statement/prospectus and is incorporated by reference herein in its entirety. Chemung Financial shareholders are urged to read the entire opinion carefully in connection with their consideration of the Chemung Financial Merger proposal. Sandler O'Neill's written opinion is addressed to the board of directors of Chemung Financial and is directed only to the fairness of the merger consideration to Chemung Financial from a financial point of view. It does not address the underlying business decision of Chemung Financial to engage in the Merger or any other aspect of the Merger and is not a recommendation to any Chemung Financial shareholder as to how such shareholder should vote at the special meeting.

Regulatory Approvals Required for the Merger (page 67)

Completion of the Merger, and the planned merger of our subsidiary banks following completion of the Merger, are subject to various regulatory approvals, including approval of the Federal Reserve and the New York Banking Department (the "Banking Department"). We have filed all required applications and notices with such regulatory authorities. Although we currently believe we should be able to obtain all required regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on Chemung Financial after the completion of the Merger.

Conditions to the Merger (page 66)

Completion of the Merger depends on a number of conditions being satisfied or waived, including the following: (i) the adoption and approval of the Merger Agreement by the affirmative vote of holders of a majority the issued and outstanding shares of Fort Orange in person or by properly executed and submitted proxy, at the Fort Orange special meeting; (ii) the approval of the Merger by the affirmative vote of holders of 66 2/3% of the outstanding shares of Chemung Financial common stock present, in person or by properly executed and submitted proxy, at the Chemung Financial special meeting; (iii) the receipt of all regulatory approvals of governmental entities necessary to complete the transactions contemplated by the Merger Agreement and Bank Plan of Merger, and the expiration of all applicable statutory waiting periods, and absence of a condition on, or a requirement of, such approval that would, after the Effective Time, restrict or burden Chemung Financial in connection with the Merger or with respect to the business or operations of Chemung Financial or that would have a material adverse effect on Chemung Financial; (iv) absence of any decree, injunction or other order, memorandum or enforcement proceeding in effect that prohibits completion of the Merger; (v) effectiveness of Chemung Financial's registration statement of which this joint proxy statement/prospectus is a part and the absence of any stop order suspending its effectiveness or proceedings for that purpose initiated by the SEC and not withdrawn; (vi) the continued accuracy of the representations and warranties made by the parties in the Merger Agreement; (vii) execution of the Voting Agreement by Mr. Cureau; (viii) Fort Orange and Capital Bank on the one hand, and Cureau, on the other hand, shall have entered into a settlement and release agreement in form satisfactory to Chemung Financial; (ix) a valid enforceable lease for Capital Bank's Wolf Road branch providing for a lease term up to and including December 31, 2011, with two (2) one-year renewal options on terms satisfactory to Chemung Financial; (x) satisfactory evidence of insurance maintained by Chemung Financial for directors and officers of Fort Orange and Capital Bank; (xi) performance in all material respects by each of Chemung Financial and Fort Orange of all obligations required to be performed under the Merger Agreement at or before the Effective Time; (xii) receipt by each of Chemung Financial and Fort Orange of a satisfactory legal opinion from its respective counsel; and (xiii) receipt by Chemung Financial of an estoppel certificate from the landlord of each Capital Bank branch office.

Although we anticipate that the Effective Time will occur early in the second calendar quarter of 2011, because the satisfaction of certain of these conditions is beyond our control, we cannot be certain when, or if, the conditions to the Merger will be satisfied or waived or whether or not the Merger will be completed.

No Solicitation; Board Recommendation (page 68)

Fort Orange has agreed not to initiate, solicit, encourage or knowingly facilitate any inquiries or proposals from any third party relating to an acquisition of Fort Orange, or engage in any negotiations concerning, or provide any confidential or nonpublic information or data to, or have any discussions with, any person relating to, any acquisition proposal relating to Fort Orange or Capital Bank. Notwithstanding these restrictions, the Merger Agreement provides that, under specified circumstances, in response to an unsolicited bona fide acquisition proposal from a third party which, in the good faith judgment of the Fort Orange board of directors, is or is reasonably likely to result in a proposal which is superior to the Merger, Fort Orange may furnish information regarding Fort Orange and participate in discussions and negotiations with such third party.

Fort Orange has agreed to submit the Merger Agreement for adoption by its shareholders. The Fort Orange board has recommended that its shareholders vote in favor of adopting the Merger Agreement. Fort Orange will not withdraw, qualify or adversely modify its recommendation to its shareholders to vote in favor of adoption of the Merger Agreement, except as permitted under the Merger Agreement in connection with a superior competing proposal. If, prior to the receipt of the Fort Orange shareholder approval, its board, after consultation with outside counsel, determines in good faith that, because of the receipt of a superior competing proposal, it would result in a violation of its fiduciary duties under Delaware law to continue to recommend adoption of the Merger Agreement, the Fort Orange board may withhold, withdraw, amend or modify its recommendation for Fort Orange shareholders' approval of the Merger.

Chemung Financial has agreed to convene a meeting of its shareholders to vote upon the approval of the Merger. The Chemung Financial board has recommended that its shareholders vote in favor of the Merger. The Chemung Financial board will not withdraw, qualify or adversely modify its recommendation to its shareholders unless, prior to the receipt of the Chemung Financial shareholder approval, and after consultation with outside counsel, it determines in good faith that it would result in a violation of its fiduciary duties under New York law to continue to recommend approval of the Merger.

Termination; Termination Fee (page 69)

Chemung Financial and Fort Orange may mutually agree, in writing, at any time to terminate the Merger Agreement without completing the Merger, even if the Fort Orange shareholders have adopted the Merger Agreement and the Chemung Financial shareholders have approved the Merger.

The Merger Agreement may also be terminated and the Merger abandoned at any time prior to the Effective Time, as follows: (i) upon a material breach by a party that has not been cured within 15 business days after written notice by the non-breaching party; (ii) if the Effective Time shall not have occurred prior to October 31, 2011, unless the party seeking to terminate the Merger Agreement caused or materially contributed to the failure of the Merger to occur before such date; (iii) if either party has been informed in writing by a regulatory authority that the requested approval or consent will not be granted, unless the failure to obtain approval or consent was due to the failure of the party seeking termination to perform under the Merger Agreement on or prior to the closing date; (iv) by Chemung Financial, if (1) Fort Orange fails to hold the Fort Orange special meeting to vote on the Fort Orange Merger proposal within the time frame set forth in Section 5.12(a) of the Merger Agreement; or (2) Fort Orange's board of directors (a) fails to recommend or continue its recommendation that its shareholders vote in favor of the Fort Orange Merger proposal or (b) modifies, withdraws or adversely changes its recommendation that its shareholders vote in favor of the Fort Orange Merger proposal; (v) by Fort Orange or Chemung Financial, at any time prior to the Fort Orange or Chemung Financial special meeting, as the case may be, in order for Fort Orange to concurrently enter into an acquisition agreement or similar agreement with respect to a superior competing proposal which has been received by Fort Orange and its board of directors in accordance with Section 5.10 of the Merger Agreement; (vi) by Fort Orange, if (1) Chemung Financial fails to hold the Chemung Financial special meeting to vote on the Chemung Financial Merger proposal within the time frame set forth in Section 5.12(b) of the Merger Agreement; or (2) Chemung Financial's board of directors (a) fails to recommend or continue its recommendation that its shareholders vote in favor of the Chemung Financial Merger proposal or (b) modifies, withdraws or adversely changes its recommendation that its shareholders vote in favor of the Chemung Financial Merger proposal; (vii) by Chemung Financial if Fort Orange's Delinquent Loans increase, as provided in the Merger Agreement, prior to the completion of the Merger; or (viii) by Fort Orange if: (1) the Closing Price is less than $17.85 per share; and (2) during the period between the public announcement of the Merger Agreement and the Effective Time, the per share price of Chemung Financial's Common Stock shall have underperformed a specified bank performance index (as defined in the Merger Agreement) by 20% or more.

Fort Orange may be required to pay to Chemung Financial a termination fee equal to 2.5% of the merger consideration in certain circumstances, as described under the heading "Conditions to the Merger - "Termination; Termination Fee" beginning on page 69 .

Material Federal Income Tax Consequences of the Merger (page 72)

Chemung Financial and Fort Orange will not be required to complete the Merger unless they receive legal opinions from their respective counsel to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 (the "Internal Revenue Code").

Provided that the Merger qualifies as a reorganization for federal income tax purposes, the specific tax consequences of the Merger to a Fort Orange shareholder will depend upon the form of consideration such Fort Orange shareholder receives in the Merger.

If a Fort Orange shareholder receives solely shares of Chemung Financial common stock (and cash instead of any fractional share of Chemung Financial common stock) in exchange for such shareholder's Fort Orange common stock, then the shareholder generally will not recognize any gain or loss, except with respect to the cash received in lieu of a fractional share of Chemung Financial common stock. If a Fort Orange shareholder receives solely cash, then such shareholder generally will recognize gain or loss equal to the difference between the amount of cash such shareholder receives and the shareholder's cost basis in the shareholder's Fort Orange common stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if the Fort Orange shareholder has established a holding period of more than one year for the shareholder's shares of Fort Orange common stock. If a Fort Orange shareholder receives a combination of whole shares of Chemung Financial common stock and cash in exchange for the shareholder's Fort Orange common stock, then the shareholder may recognize gain, but the shareholder will not recognize loss, upon the exchange of the shareholder's shares of Fort Orange common stock for shares of Chemung Financial common stock and cash. If the sum of the fair market value of the Chemung Financial common stock and the amount of cash the Fort Orange shareholder receives in exchange for the shareholder's shares of Fort Orange common stock exceeds the cost basis of the shareholder's shares of Fort Orange common stock, the shareholder will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash the shareholder receives in the exchange. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if the Fort Orange shareholder has established a holding period of more than one year for the shareholder's shares of Fort Orange common stock. Depending on certain facts specific to the Fort Orange shareholder, it is possible (although quite unlikely) that any gain could instead be characterized as ordinary dividend income.

For a more detailed discussion of the material federal income tax consequences of the transaction, see "Material Federal Income Tax Consequences of the Merger" beginning on page 72 .

The tax consequences of the Merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the Merger.

Stock Market Quotation (page 71)

Application will be made by Chemung Financial to have the shares of its common stock issued in exchange for Fort Orange common stock in connection with the Merger approved for quotation on the OTCBB.

Comparison of Shareholders' Rights (page 155)

The rights of Fort Orange shareholders who continue as Chemung Financial shareholders after the Merger and will be governed by New York Law and the certificate of incorporation and bylaws of Chemung Financial rather than by the certificate of incorporation and bylaws of Fort Orange.

Appraisal Rights (page 168 and Appendix G)

Under Section 262 of the Delaware General Corporation Law ("DGCL"), holders of Fort Orange common stock may have the right to obtain an appraisal of the value of their shares of Fort Orange common stock in connection with the Merger, as determined by the Court of Chancery of the State of Delaware . To perfect appraisal rights, a Fort Orange shareholder must not vote for the adoption of the Merger agreement or submit a blank proxy card and must strictly comply with all of the procedures required under Section 262 of the Delaware General Corporation Law. See "Appraisal Rights" in this joint proxy statement/prospectus .

We have included a copy of the Delaware General Corporation Law – Section 262 – Appraisal Rights as Appendix G to this joint proxy statement/prospectus.

Risk Factors

In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the caption "Forward-Looking Statements," Fort Orange shareholders should carefully consider the following risk factors in deciding whether to vote for adoption of the Merger Agreement, and Chemung Financial shareholders should carefully consider the following risks in deciding whether to vote for approval of the Merger. You should also consider the other information in this joint proxy statement/prospectus and all the other documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 1 and "Incorporation of Certain Documents by Reference" on page 168 .

Risks Related to the Merger

Fort Orange shareholders may not receive the form of Merger consideration they elect.

The Merger Agreement contains provisions relating to election, adjustment, and allocation of the merger consideration under certain circumstances. The allocation procedures are intended to provide that in the aggregate 25% of all outstanding Fort Orange common stock be exchanged for Cash Consideration and the remaining 75% be exchanged for Stock Consideration.

In the event that the Cash Consideration Pool initially selected by Fort Orange shareholders is oversubscribed by electing Fort Orange shareholders, Fort Orange shareholders who make a cash-only election (and who own more than 100 shares) will receive a mix of Cash Consideration and Stock Consideration. In the event that the Stock Consideration Pool is oversubscribed, Fort Orange shareholders who make a stock only election will receive a mix of Cash Consideration and Stock Consideration. The allocation of the mix of consideration payable to Fort Orange shareholders who make the all Cash Consideration or all Stock Consideration election will not be known until Chemung Financial tallies the results of the cash/stock elections made by all Fort Orange shareholders, which will not occur until close to or at the Effective Time. The allocation shall be prorated among the Fort Orange shareholders affected. Fort Orange shareholders who initially make an election to submit 25% of their stock for Cash Consideration and 75% for Stock Consideration will not be subject to such an allocation.

Since the Cash Consideration will be paid for only 25% of the Fort Orange shares entitled to receive the merger consideration at the Effective Time, it is likely that the Cash Consideration Pool will be oversubscribed and Fort Orange shareholders who elect to receive Cash Consideration will receive a mix of Cash Consideration and Stock Consideration in the Merger. A Fort Orange shareholder who holds 100 or fewer shares and who makes a cash-only election will, however, receive only cash. It is also possible, although less likely, that the Stock Consideration Pool could be oversubscribed and that Fort Orange shareholders who elect to receive Stock Consideration will receive a mix of Cash Consideration and Stock Consideration in exchange for their shares in the Merger. The allocation of the mix of consideration payable to Fort Orange shareholders who initially elect the cash only or the stock only exchange will not be known until Chemung Financial tallies the results of the cash/stock elections made by Fort Orange shareholders, which will not occur until near or at the Effective Time. No guarantee can be made that Fort Orange shareholders who make such elections will receive the amounts of cash or stock they elected. Accordingly, if there is an oversubscription of cash or an oversubscription of stock, it is likely that Fort Orange shareholders will not receive a portion of the merger consideration in the form that they elect, which could result in, among other things, tax consequences that differ from those that would have resulted had such shareholders received the form of consideration they elected.

Because the market price of Chemung Financial common stock may fluctuate, Fort Orange shareholders cannot be sure of the value of the Stock Consideration they may receive.

Fort Orange shareholders may elect to receive Cash Consideration and/or Stock Consideration in the Merger. The exchange ratio of 0.3571 of a share of Chemung Financial common stock per share of Fort Orange common stock at which Chemung Financial has agreed to issue its shares as part of the merger consideration is subject to potential adjustment in certain circumstances, such as an increase in the market price of Chemung Financial's common stock to an average price of more than $25.20 on the ten (10) days immediately prior to the Effective Time on which trades of Chemung Financial common stock occur or deterioration in the quality of Fort Orange's loan portfolio prior to completion of the Merger.

Changes in the price of Chemung Financial common stock or the level of Fort Orange's Delinquent Loans (as defined in the Merger Agreement) at or prior to completion of the Merger may affect the value of consideration that Fort Orange shareholders receive upon completion of the Merger. The value of the Stock Consideration will fluctuate from the date of the announcement of the Merger Agreement, the date that this joint proxy statement/prospectus was mailed, the date(s) of the special meetings and the date the Merger is completed. Consequently, at the Effective Time, the value of the Stock Consideration could be more or less than the value of the Cash Consideration. Accordingly, at the time of the Fort Orange special meeting, you will not know or be able to determine the value of the Chemung Financial common stock you will receive upon completion of the Merger. Stock price changes may result from a variety of factors, including general market and economic conditions and changes in the businesses, operations and prospects, and regulatory considerations of Chemung Financial and Fort Orange. Many of these factors are beyond our control.

Fort Orange shareholders who make elections will be unable to sell their shares in the market pending the Merger.

Fort Orange shareholders may elect to receive Cash Consideration and/or Stock Consideration in the Merger by completing an election form that is being sent under separate cover. Shareholders making the election will be required to remit their Fort Orange stock certificates together with their completed election forms. This means that, during the time between when the election is made and the date the Merger is completed, Fort Orange shareholders making an election will be unable to sell their Fort Orange common stock. If the Merger is unexpectedly delayed, this restriction could extend for a significant period of time. In order to minimize the period during which they cannot sell their shares, Fort Orange shareholders can deliver their election forms and certificate shortly before the election deadline; however, elections received after the election deadline will not be accepted or honored.

Fort Orange shareholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management.

Fort Orange shareholders currently have the right to vote in the election of the board of directors of Fort Orange and on other matters affecting Fort Orange. Upon the completion of the Merger, each Fort Orange shareholder who receives shares of Chemung Financial common stock will become a shareholder of Chemung Financial with a percentage ownership of Chemung Financial that is smaller than the shareholder's percentage ownership of Fort Orange. It is currently expected that the former shareholders of Fort Orange as a group will receive shares in the Merger constituting approximately 22% of the outstanding shares of Chemung Financial common stock immediately after the Merger. As a result, Fort Orange shareholders may have less influence on the management and policies of Chemung Financial than they now have on the management and policies of Fort Orange.

Chemung Financial may fail to realize the anticipated benefits of the Merger.

The success of the Merger will depend on, among other things, Chemung Financial's ability to realize anticipated cost savings and to combine the businesses of Chemung Canal and Capital Bank in a manner that permits growth opportunities and does not materially disrupt the existing customer relationships of Capital Bank or result in decreased revenues due to loss of customers. If Chemung Financial is not able to successfully achieve these objectives, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected.

Chemung Financial and its subsidiaries on the one hand, and Fort Orange and Capital Bank on the other hand, have operated and, until the completion of the Merger, will continue to operate, independently. Certain employees of Fort Orange and Capital Bank may not be employed after the Merger. In addition, employees of Fort Orange and Capital Bank that Chemung Financial wishes to retain may elect to terminate their employment as a result of the Merger, which could delay or disrupt the integration process. It is possible that the integration process could result in the disruption of the ongoing business of Chemung Financial following the Merger or cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of Chemung Financial to maintain relationships with Fort Orange and Capital Bank customers and employees or to achieve the anticipated benefits of the Merger.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated in the Merger Agreement, including the Merger, may be completed, various approvals must be obtained from bank regulatory authorities (without any term or condition that would have a material adverse effect on Chemung Financial) and applicable statutory waiting periods must expire. These include approvals from the Federal Reserve and Banking Department. These governmental entities may impose conditions on the completion of the Merger or require changes to the terms of the Merger Agreement. Although the parties do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the Merger Agreement or imposing additional costs on or limiting Chemung Financial’s revenues, any of which might have a material adverse effect on Chemung Financial following the Merger. Further, although we currently believe that we should be able to obtain all required regulatory approvals in a timely manner, there can be no assurance as to whether the regulatory approvals will be received nor the timing of those approvals.

The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed.

As previously discussed, the Merger Agreement is subject to a number of conditions which must be fulfilled in order to complete the Merger. Those conditions include: (i) approval of the Merger Agreement by Fort Orange shareholders; (ii) approval of the Merger by Chemung Financial shareholders; (iii) receipt of regulatory approvals; (iv) absence of court orders prohibiting the completion of the Merger; (v) effectiveness of the registration statement of which this joint proxy statement/prospectus is a part; (vi) the continued accuracy of the representations and warranties by both parties; (vii) the performance by both parties of their covenants and agreements; and (viii) the receipt by both parties of legal opinions from their respective tax counsels.

In addition, certain circumstances exist whereby Chemung Financial or Fort Orange may choose to terminate the Merger Agreement. (See “Conditions to the Merger - “Termination; Termination Fee” beginning on page 69 for a more complete discussion of the circumstances under which the Merger Agreement could be terminated). There can be no assurance that the conditions to closing of the Merger will be fulfilled or that the Merger will be completed.

Termination of the Merger Agreement could negatively impact Fort Orange.

If the Merger Agreement is terminated, there may be various consequences, including: (i) Fort Orange and its business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of its management on the Merger and the incurring of Merger-related costs, without realizing any of the anticipated benefits of completing the Merger; and (ii) the market price of Fort Orange common stock might decline, to the extent that the current market price reflects a market assumption that the Merger will be completed.

If the Merger Agreement is terminated and Fort Orange’s board of directors seeks another Merger or business combination, Fort Orange shareholders cannot be certain that Fort Orange will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Chemung Financial has agreed to provide in the Merger.

If the Merger Agreement is terminated under certain circumstances, Fort Orange may be required to pay a termination fee to Chemung Financial equal to 2.5% of the merger consideration (presently estimated at $725,000.00). See “Termination; Termination Fee” beginning on page 69 .

Fort Orange will be subject to business uncertainties and contractual restrictions while the Merger is pending.

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on Fort Orange and consequently on Chemung Financial. These uncertainties may impair Fort Orange's ability to attract, retain and motivate key personnel until the Merger is completed, and could cause customers and others that deal with Fort Orange to seek to change existing business relationships with Fort Orange. Retention of certain employees may be challenging while the Merger is pending, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, Chemung Financial's business following the Merger could be negatively impacted. In addition, the Merger Agreement restricts Fort Orange from making certain acquisitions and taking other specified actions without the consent of Chemung Financial until the Merger is completed. These restrictions may prevent Fort Orange from pursuing attractive business opportunities that may arise prior to the completion of the Merger. See "The Merger and the Merger Agreement - Conduct of Business Pending the Merger; Covenants" beginning on page 61 for a description of the restrictive covenants to which Fort Orange is subject.

The Merger Agreement limits Fort Orange's ability to pursue alternatives to the Merger.

The Merger Agreement contains "no-shop" provisions that, subject to limited exceptions, limit Fort Orange's ability to initiate, solicit, encourage or knowingly facilitate any inquiries or competing third-party proposals, or engage in any negotiations, or provide any confidential information, or have any discussions with any person relating to a proposal to acquire all or a significant part of Fort Orange. In addition, Fort Orange has agreed to pay Chemung Financial a termination fee in an amount equal to 2.5% of the merger consideration (calculated as of the date of termination) in the event that Chemung Financial or Fort Orange terminates the Merger Agreement for certain reasons. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Fort Orange from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the Merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Fort Orange than it might otherwise have proposed to pay. Until the Merger Agreement is adopted by Fort Orange shareholders, Fort Orange's board of directors can consider and participate in discussions and negotiations with respect to an alternative unsolicited bona fide acquisition proposal (subject to its obligation to pay a termination fee under certain circumstances) so long as it determines in good faith (after consultation with legal counsel) that failure to do so would result in a violation of its fiduciary duties to Fort Orange shareholders under Delaware law and that such alternative acquisition proposal constitutes a superior competing proposal (as defined in the Merger Agreement) or would reasonably be likely to result in a superior competing proposal. Fort Orange has agreed to keep Chemung Financial apprised of developments, discussions and negotiations relating to any such acquisition proposal.

Fort Orange directors, executive officers and employees may have interests in the Merger different from the interests of Fort Orange shareholders.

The interests of some of the directors, executive officers and employees of Fort Orange in the Merger may be different from those of other, unaffiliated Fort Orange shareholders and employees, and directors and executive officers of Fort Orange may be participants in arrangements that are different from, or are in addition to, those of other Fort Orange shareholders. These interests include: (1) subject to certain restrictions and limitations, an agreement, as amended, between Fort Orange and Mr. Cureau under which (a) all outstanding unexercised stock options (whether vested or not) that were granted to Mr. Cureau prior to the date of the Merger Agreement are forfeited upon completion of the Merger; (b) all outstanding unvested restricted stock granted to Mr. Cureau prior to the date of the Merger are forfeited upon termination of his employment on December 31, 2010; (c) upon completion of the Merger, Mr. Cureau will be entitled to a severance payment of $375,000.00; (d) a cash payment in an aggregate amount equal to the amount he would have received under the Merger Agreement had he not forfeited his outstanding unexercised stock options described in (1)(a) above; and (e) a grant of unrestricted stock of Fort Orange common stock in an amount of shares equal to all forfeited unvested restricted stock held by Mr. Cureau, to be eligible for exchange for the merger consideration under the Merger Agreement; (2) subject to certain restrictions and limitations, an employment agreement between Fort Orange and Mr. Owens effective on January 1, 2011 which provides that, following completion of the Merger, if Mr. Owens' employment is terminated by Chemung Financial or if he terminates his employment for "good reason" (as that term is defined in the employment agreement), (a) he will be entitled to a payment equal to twice the amount of his then current base salary, plus an amount equal to two years of 401(k) matching contributions and health insurance premiums for Mr. Owens and his family; (b) continuance of his insurance and indemnity and officers' liability protection benefits; (c) reimbursement for outplacement services up to $5,000.00, and (d) a consultancy with Chemung Financial for an annual fee of $7,500.00 for a period of two years; (3) at the Effective Time, the vesting and exercisability, to the extent not already vested and exercised, of each then outstanding and unexercised option held by a director, officer, or employee of Fort Orange to purchase shares of Fort Orange common stock (each, a "Fort Orange Stock Option"); (4) at the Effective Time, each officer, director, and employee holding a Fort Orange Stock Option will become entitled to receive cash in an aggregate amount equal to the product of (i) the number of shares of Fort Orange common stock subject to the unexercised Fort Orange Stock Option, times

(ii) the difference, if any, between (x) the sum of: (1) 75% of the product of the exchange ratio and the Closing Price plus (2) 25% of $7.50, and (y) the applicable exercise price per share under such Fort Orange Stock Option; (5) at the Effective Time, all outstanding and unvested rights to receive shares of Fort Orange common stock granted to officers and employees pursuant to the Fort Orange 2007 Stock-Based Incentive Plan (other than a Fort Orange Stock Option), which are collectively referred to as “Fort Orange Restricted Stock Awards,” shall vest and be free of any restrictions and shall be exchanged for the merger consideration; and (6) at the Effective Time, all rights of non-employee directors of Fort Orange to convert stock units awarded to them shall be free of any restrictions and shall be converted to shares of Fort Orange common stock which shall then be exchanged for the merger consideration.

Two additional employees have change in control agreements that provide for a payment equal to either 75% or 100% of the amount of their then respective current base salary if Chemung Financial terminates the employee's employment "without cause" or if the employee terminates employment for "good reason" (as those terms are defined in the respective change in control agreements) within twelve months of the completion of the Merger.

Additional interests of directors and officers pursuant to the Merger and the bank merger include the appointment of two Fort Orange or Capital Bank directors to each of the boards of Chemung Financial and Chemung Canal; the appointment of all other Fort Orange and Capital Bank directors (other than Mr. Cureau) to a paid regional advisory board of Chemung Financial and Chemung Canal; and rights of Fort Orange and Capital Bank officers and directors to indemnification and directors' and officers' liability insurance.

These interests are described in more detail in the section of this joint proxy statement/prospectus entitled "The Merger and the Merger Agreement - Interests of Fort Orange Directors and Executive Officers in the Merger" beginning on page 50 . On completion of the Merger, Chemung Financial and Chemung Canal, as the surviving entities and as applicable, shall be responsible for the obligations of Fort Orange and Capital Bank as described in this joint proxy statement/prospectus.

The shares of Chemung Financial common stock to be received by Fort Orange shareholders as a result of the Merger will have rights that are different from the shares of Fort Orange common stock.

Upon completion of the Merger, the rights of former Fort Orange shareholders who become Chemung Financial shareholders will be governed by New York law and the certificate of incorporation and bylaws of Chemung Financial. The rights associated with Fort Orange common stock are different from the rights associated with Chemung Financial common stock. See "Comparison of Shareholder Rights" beginning on page 155 for a discussion of the comparative rights associated with Fort Orange common stock and with Chemung Financial common stock.

The unaudited pro forma combined condensed consolidated financial information included in this joint proxy statement/prospectus is preliminary and the actual financial condition and results of operations after the Merger may differ materially.

The unaudited pro forma combined condensed consolidated financial information in this joint proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what Chemung Financial's actual financial condition or results of operations would have been had the Merger been completed on the dates indicated. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the Fort Orange identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price reflected in this joint proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Fort Orange as of the Effective Time. The final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus.

Following completion of the Merger, Chemung Financial will face risks different from those faced by Chemung Financial today, which may affect the market price of the shares of Chemung Financial common stock.

Upon completion of the Merger, Fort Orange will cease to exist and certain holders of Fort Orange common stock will become holders of Chemung Financial common stock. Some of Chemung Financial's current businesses and markets differ from those of Fort Orange and, accordingly, the results of operations of Chemung Financial after the Merger may be affected by factors different from those currently affecting its results of operations. For further information on the respective businesses of Chemung Financial and Fort Orange and the factors to consider in connection with those businesses, see the documents incorporated by reference into this joint proxy statement/prospectus and referred to under “Incorporation of Certain Documents by Reference” beginning on page 168 .

Risks Relating to Chemung Financial's Business

Economic conditions may adversely affect Chemung Financial's liquidity and financial condition.

As a consequence of the economic slowdown that the United States has been experiencing, business activity across a wide range of industries faces serious difficulties due to the lack of consumer spending and the weakened financial condition of borrowers. Unemployment has also increased significantly. A continued weakness or further weakening in business and economic conditions generally or specifically in the principal markets in which Chemung Financial does business could have one or more of the following adverse effects on Chemung Financial's business: (i) a decrease in the demand for loans and other products and services; (ii) a decrease in the value of Chemung Financial's loans or other assets secured by consumer or commercial real estate; (iii) an impairment of certain of Chemung Financial's intangible assets, such as goodwill; and (iv) an increase in the number of borrowers and counterparties who become delinquent, file for protection under bankruptcy laws or default on their loans or other obligations to Chemung Financial. An increase in the number of delinquencies, bankruptcies or defaults could result in a higher level of nonperforming assets, net charge-offs, provision for loan losses, and valuation adjustments on loans held for sale.

Commercial real estate and business loans increase Chemung Financial's exposure to credit risks.

At September 30, 2010, Chemung Financial's portfolio of commercial real estate and business loans totaled $242.0 million or 41% of total loans. Chemung Financial's plans are to continue to emphasize the origination of these types of loans, which generally expose Chemung Financial to a greater risk of nonpayment and loss than residential real estate loans because repayment of such loans often depends on the successful operations and income stream of the borrowers. Additionally, such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to residential real estate loans. Also, some of Chemung Financial's borrowers have more than one commercial loan outstanding. Consequently, an adverse development with respect to one loan or one credit relationship can expose Chemung Financial to a significantly greater risk of loss compared to an adverse development with respect to a residential real estate loan. Chemung Financial targets its business lending and marketing strategy towards small to medium-sized businesses. These small to medium-sized businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities. If general economic conditions negatively impact these businesses, Chemung Financial's results of operations and financial condition may be adversely affected.

Increases to the allowance for credit losses may cause Chemung Financial's earnings to decrease.

Chemung Financial's customers may not repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance. Hence, Chemung Financial may experience significant loan losses, which could have a material adverse effect on its operating results. Chemung Financial makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. In determining the amount of the allowance for credit losses, Chemung Financial relies on loan quality reviews, past loss experience, and an evaluation of economic conditions, among other factors. If Chemung Financial's assumptions prove to be incorrect, Chemung Financial's allowance for credit losses may not be sufficient to cover losses inherent in Chemung Financial's loan portfolio, resulting in additions to the allowance. Material additions to the allowance would materially decrease its net income.

Chemung Financial's emphasis on the origination of commercial loans is one of the more significant factors in evaluating its allowance for credit losses. As Chemung Financial continues to increase the amount of these loans, additional or increased provisions for credit losses may be necessary and as a result would decrease Chemung Financial's earnings.

Bank regulators periodically review Chemung Financial’s allowance for credit losses and may require Chemung Financial to increase its provision for credit losses or loan charge-offs. Any increase in Chemung Financial’s allowance for credit losses or loan charge-offs as required by these regulatory authorities could have a material adverse effect on its results of operations and/or financial condition.

Concentration of loans in Chemung Financial’s primary market area may increase risk.

Chemung Financial’s success depends primarily on the general economic conditions in the southern tier of New York and the northern tier of Pennsylvania, as nearly all of Chemung Financial’s loans are to customers in those markets. Accordingly, the local economic conditions in those markets have a significant impact on the ability of borrowers to repay loans. In addition, the Merger will expand Chemung Financial’s market to Albany and the Capital District area. As such, a decline in real estate valuations in this market would lower the value of the collateral securing those loans. A significant weakening in general economic conditions such as inflation, recession, unemployment, or other factors beyond its control could also negatively affect Chemung Financial’s financial results.

Changes in interest rates could adversely affect Chemung Financial’s results of operations and financial condition.

Chemung Financial’s results of operations and financial condition are significantly affected by changes in interest rates. Chemung Financial’s financial results depend substantially on net interest income, which is the difference between the interest income that Chemung Financial earns on interest-earning assets and the interest expense Chemung Financial pays on interest-bearing liabilities. If Chemung Financial’s interest-earning assets mature or reprice more quickly than its interest-bearing liabilities in a given period as a result of decreasing interest rates, net interest income may decrease. Likewise, net interest income may decrease if interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a given period as a result of increasing interest rates. Chemung Financial has taken steps to mitigate this risk, such as holding fewer longer-term residential mortgages, as well as investing excess funds in shorter-term investments.

Changes in interest rates also affect the fair value of Chemung Financial’s interest-earning assets and, in particular, its investment securities available for sale. Generally, the fair value of Chemung Financial’s investment securities fluctuates inversely with changes in interest rates. Decreases in the fair value of Chemung Financial’s investment securities available for sale, therefore, could have an adverse effect on its shareholders’ equity or its earnings if the decrease in fair value is deemed to be other than temporary.

Changes in interest rates may also affect the average life of Chemung Financial’s loans and mortgage-related securities. Decreases in interest rates can result in increased prepayments of loans and mortgage-related securities, as borrowers refinance to reduce borrowing costs. Under these circumstances, Chemung Financial is subject to reinvestment risk to the extent that it is unable to reinvest the cash received from such prepayments at rates that are comparable to the rates on its existing loans and securities. Additionally, increases in interest rates may decrease loan demand and make it more difficult for borrowers to repay adjustable rate loans.

Strong competition may limit Chemung Financial’s growth and profitability.

Competition in the banking and financial services industry is intense. Chemung Financial competes with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies and brokerage and investment banking firms operating locally and elsewhere. Many of these competitors (whether regional or national institutions) have substantially greater resources and lending limits than Chemung Financial and may offer certain services that it does not or cannot provide. Chemung Financial’s profitability depends upon its ability to successfully compete in its market area.

Chemung Financial operates in a highly regulated environment and may be adversely affected by changes in laws and regulations.

Currently, Chemung Financial and its subsidiaries are subject to extensive regulation, supervision, and examination by regulatory authorities. For example, Chemung Financial is regulated by the Federal Reserve and Chemung Canal is regulated by the Federal Reserve, the Federal Deposit Insurance Corporation (the "FDIC") and the Banking Department. Such regulators govern the activities in which Chemung Financial and its subsidiaries may engage. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of a bank, the classification of assets by a bank, and the adequacy of a bank's allowance for credit losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, could have a material impact on Chemung Financial and its operations. Chemung Financial believes that it is in substantial compliance with applicable federal, state and local laws, rules and regulations. Because Chemung Financial's business is highly regulated, the laws, rules and applicable regulations are subject to regular modification and change. There can be no assurance that proposed laws, rules and regulations, or any other law, rule or regulation, will not be adopted in the future, which could make compliance more difficult or expensive or otherwise adversely affect Chemung Financial's business, financial condition or prospects.

Recent legislative reforms may result in Chemung Financial's business becoming subject to significant and extensive additional regulations and/or can adversely affect Chemung Financial's results of operations and financial condition.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which significantly changes the regulation of banks, bank holding companies and the broader financial services industry. The Dodd-Frank Act includes provisions affecting large and small financial institutions alike, including several provisions that will profoundly affect how community banks and bank holding companies, such as Chemung Financial, will be regulated in the future. Among other things, these provisions: i) abolish the Office of Thrift Supervision and transfer its functions to the other federal banking agencies; ii) relax rules regarding interstate branching; iii) allow financial institutions to pay interest on business checking accounts; iv) change the scope of federal deposit insurance coverage; and v) impose new capital requirements on bank holding companies.

The Dodd-Frank Act also establishes the Bureau of Consumer Financial Protection as an independent entity within the Federal Reserve, which will be given the authority to promulgate consumer protection regulations applicable to banks and other providers offering consumer financial services or products. This includes the authority to prohibit "unfair, deceptive or abusive" acts and practices. Banks with $10 billion or less in assets, such as Chemung Canal, will continue to be examined for compliance with the consumer laws by their primary bank regulators. The Dodd-Frank Act also directs the Federal Reserve to promulgate rules prohibiting excessive compensation paid to bank holding company executives.

Additionally, the Dodd-Frank Act includes a series of provisions covering mortgage loan origination standards affecting, among other things, originator compensation, minimum repayment standards, and pre-payments. The Dodd-Frank Act contains numerous other provisions affecting financial institutions of all types, many of which may materially affect Chemung Financial's business, compliance responsibilities, human resources and operating environment.

The Dodd-Frank Act and the regulations to be adopted thereunder are expected to subject Chemung Financial and other financial institutions to additional restrictions, oversight and costs that may have an adverse impact on its business, financial condition, results of operations or the price of Chemung Financial common stock. The Dodd-Frank Act substantially increases regulation of the financial services industry and imposes restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices. However, the ultimate effect of the Dodd-Frank Act on the financial services industry in general, and Chemung Financial in particular, is uncertain at this time.

Neither of the fairness opinions received in connection with the Merger has been updated since its date of issuance; accordingly the opinions may be based upon outdated information and therefore no longer present an accurate assessment.

Both FinPro's opinion rendered to Fort Orange and Sandler O'Neill's opinion rendered to Chemung Financial are based upon information available as of the respective dates of the opinions. Neither FinPro nor Sandler O'Neill has undertaken to update its opinion to reflect subsequent changes that may occur in the respective businesses or financial conditions of Fort Orange or Chemung Financial, or in market, regulatory or financial conditions generally or any of the other assumptions relied upon by FinPro or Sandler O'Neill in rendering their respective opinion. As a result, as of the date(s) of the Fort Orange and Chemung Financial special meetings, and/or as of the Effective Time or thereafter, such changes, were they to occur, could render such assumptions invalid and FinPro's and/or Sandler O'Neill's opinion(s) inaccurate. Further, in rendering their opinions both FinPro and Sandler O'Neill relied upon information prepared and supplied to them by the management of Fort Orange and Chemung Financial, respectively, without conducting any independent investigation to verify such information. Therefore, if such information prove to be inaccurate or invalid, one or both of such opinions could prove to be inaccurate or invalid.

25

Any future increases in FDIC insurance premiums may adversely affect Chemung Financial’s earnings.

Chemung Financial is generally unable to control the amount of premiums that it is required to pay for FDIC insurance. If there are additional bank or financial institution failures anywhere in the United States, Chemung Canal may be required to pay higher FDIC premiums. Any future increases or required prepayments of FDIC insurance premiums may adversely impact Chemung Financial’s earnings.

Chemung Financial is a holding company and depends on its subsidiaries for dividends, distributions and other payments.

Chemung Financial is a legal entity separate and distinct from Chemung Canal and other subsidiaries. Its principal source of cash flow, including cash flow to pay dividends to its shareholders, is dividends from Chemung Canal. There are statutory and regulatory limitations on the payment of dividends by Chemung Canal to Chemung Financial, as well as by Chemung Financial to its shareholders. Federal Reserve regulations affect the ability of Chemung Canal to pay dividends and other distributions to Chemung Financial and to make loans to Chemung Financial. If Chemung Canal is unable to make dividend payments to Chemung Financial and sufficient capital is not otherwise available, Chemung Financial may not be able to make dividend payments to its common shareholders.

Chemung Financial holds certain intangible assets that could be classified as impaired in the future. If these assets are considered to be either partially or fully impaired in the future, Chemung Financial’s earnings and the book values of these assets would decrease.

Chemung Financial is required to test its goodwill and core deposit intangible assets for impairment on a periodic basis. The impairment testing process considers a variety of factors, including the current market price of its common stock, the estimated net present value of its assets and liabilities, and information concerning the terminal valuation of similarly situated insured depository institutions. If an impairment determination is made in a future reporting period, Chemung Financial’s earnings and the book value of these intangible assets will be reduced by the amount of the impairment. If an impairment loss is recorded, it will have little or no impact on the tangible book value of Chemung Financial common shares or its regulatory capital levels, but such an impairment loss could significantly restrict Chemung Canal from paying a dividend to Chemung Financial.

Failure to timely integrate information technology systems could delay the Merger.

Information technology systems collect, maintain, protect, update and retrieve borrower, depositor and other information critical to a bank’s operations. Chemung Canal and Capital Bank utilize different information technology systems and, consequently, the successful integration of these systems is very important. If integration difficulties arise, they could delay the Merger and produce significant expense, which could affect Chemung Financial’s profitability during the period in which they are incurred.

Fort Orange Special Meeting Of Shareholders

Fort Orange is mailing this joint proxy statement/prospectus to you as a Fort Orange shareholder on or about February [23] , 2011. With this joint proxy statement/prospectus, Fort Orange is sending you a Notice of the Fort Orange special meeting and a form of proxy that is being solicited by the Fort Orange board of directors. The special meeting will be held on March [24] , 2011 at 9:30 a.m., Eastern Standard Time, at [the Hilton Garden Inn (Albany Medical Center), 62 New Scotland Avenue, Albany , New York] .

ort Orange is mailing this joint proxy statement/prospectus to you as a Fort Orange shareholder on or about ___________, 2011. With this joint proxy statement/prospectus, Fort Orange is sending you a Notice of the Fort Orange special meeting and a form of proxy that is being solicited by the Fort Orange board of directors. The special meeting will be held on ___________, 2011 at ____, a.m./p.m., Eastern Standard Time, at _____________, _____________, New York.

Matter to be Considered

The purpose of the Fort Orange special meeting is to vote on the adoption of the Fort Orange Merger proposal, and to transact any other business that may come before the special meeting.

Proxy Card, Revocation of Proxy

You should vote, by using the internet at the address shown on your proxy card, by calling the telephone number specified on your proxy card or by completing and returning the proxy card accompanying this joint proxy statement/prospectus, to ensure that your vote is counted at the special meeting of shareholders, regardless of whether you plan to attend. You can revoke your proxy at any time at or before the vote is taken at the special meeting by:

- submitting written notice of revocation to Steven J. Owens, Executive Vice President and Chief Financial Officer at 1375 Washington Avenue, Albany, New York 12206 by the time the special meeting begins;
- submitting a new vote via telephone or the internet before the Fort Orange special meeting;
- submitting a properly executed proxy bearing a later date before the special meeting; or
- voting in person at the Fort Orange special meeting; however, simply attending the special meeting without voting will not revoke an earlier proxy.

If your shares are held in street name, you should follow the instructions of your broker regarding revocation of proxies.

All shares represented by valid unrevoked proxies will be voted in accordance with the instructions on the proxy card. If you sign your proxy card, but make no specification on the card as to how you want your shares voted, your proxy card will be voted “FOR” approval of the Fort Orange Merger proposal. The board of directors of Fort Orange is presently unaware of any other matter that may be presented for action at the Fort Orange special meeting; however, if any other matter does properly come before the special meeting, the board of directors of Fort Orange intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

Solicitation of Proxies

The cost of solicitation of proxies will be borne by Fort Orange. Fort Orange will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, Fort Orange's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

Record Date

The close of business on February [9] , 2011 has been fixed as the record date for determining the Fort Orange shareholders entitled to receive notice of and to vote at the Fort Orange special meeting. A total of _______ shares of Fort Orange common stock were outstanding as of the record date.

Voting Rights, Quorum Requirements and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Fort Orange common stock entitled to vote is necessary to constitute a quorum at the Fort Orange special meeting. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present but will not be counted as votes cast either for or against the Merger Agreement.

Adoption of the Fort Orange Merger proposal requires the affirmative vote of the holders of a majority of the shares of Fort Orange common stock entitled to vote on the record date. A failure to vote or an abstention will have the same effect as a vote “AGAINST” the Fort Orange Merger proposal. Submission of proxies not designating an election will have the same effect as shares voted “FOR” the Fort Orange Merger proposal.

In the event that a sufficient number of votes is not cast, in person or by proxy at the special meeting, the special meeting may be adjourned to permit further solicitations of proxies. Should the special meeting be adjourned, by vote of a majority of the shares of Fort Orange common stock present in person or by proxy at the special meeting, no additional notice need be given of the adjourned meeting if the place, date and time thereof are announced at the special meeting at which the adjournment is taken, unless the date of the adjourned meeting is more than 30 days after the date for which the special meeting was originally noticed or a new record date is fixed for the adjourned meeting.

As of the record date, directors and executive officers of Fort Orange, together with their affiliates, beneficially owned approximately _____ shares of Fort Orange common stock entitled to vote at the special meeting of shareholders. This represents approximately _____ % of the total votes entitled to be cast at the special meeting. Fort Orange’s directors have agreed with Chemung Financial that all shares over which they or members of their immediate families have voting control, or share voting control, shall be voted in favor of the Fort Orange Merger proposal. The aggregate total of these shares is ___________, or __% of the total votes entitled to be cast at the special meeting.

Recommendation of the Board of Directors of Fort Orange

Fort Orange’s board of directors has unanimously approved the Merger Agreement and the transactions contemplated by the Merger Agreement. The board of directors of Fort Orange believes that the Merger Agreement is fair and equitable to Fort Orange shareholders and is in the best interests of Fort Orange and its shareholders and recommends that you vote “FOR” the adoption of the Fort Orange Merger proposal. See “Recommendation of the Fort Orange Board of Directors and Reasons for the Merger” beginning on page 42 .

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU EXPECT TO ATTEND THE FORT ORANGE SPECIAL MEETING IN PERSON, FORT ORANGE URGES YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY (1) ACCESSING THE INTERNET WEBSITE SPECIFIED ON THE ENCLOSED PROXY CARD; (2) CALLING THE TELEPHONE NUMBER SPECIFIED ON THE ENCLOSED PROXY CARD OR (3) COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder.

If you have any questions concerning the Merger or other matters to be considered at the Fort Orange special meeting, or would like additional copies of this joint proxy statement/prospectus or need help voting your shares, please contact Fort Orange’s Executive Vice President and Chief Financial Officer, Steven J. Owens via telephone at (518) 433-5810 or by mail, Fort Orange Financial Corp., Attention: Steven J. Owens, Executive Vice President and CFO, 1375 Washington Avenue, Albany, New York 12206.

28

Chemung Financial Special Meeting of Shareholders

Chemung Financial is mailing this joint proxy statement/prospectus to you as a Chemung Financial shareholder on or about February [23] , 2011. With this joint proxy statement/prospectus, Chemung Financial is sending you a Notice of the Chemung Financial special meeting and a form of proxy that is solicited by the Chemung Financial board of directors. The special meeting will be held on March 24 , 2011 at 3:00 p.m., Eastern Standard Time, at the principal office of Chemung Financial, One Chemung Canal Plaza, Elmira , New York.

hemung Financial is mailing this joint proxy statement/prospectus to you as a Chemung Financial shareholder on or about ___________ , 2011. With this joint proxy statement/prospectus, Chemung Financial is sending you a Notice of the Chemung Financial special meeting and a form of proxy that is solicited by the Chemung Financial board of directors. The special meeting will be held on ___________, 2011 at ___ a.m./p.m., Eastern Standard Time, at _______________________________, _________________, New York.

Matter to be Considered

The purpose of the Chemung Financial special meeting is to approve the Chemung Financial Merger proposal and to transact any other business that may come before the special meeting.

Proxy Card, Revocation of Proxy

You should vote, by using the internet at the address shown on your proxy card, by telephone using the number on your proxy card or by completing and returning the proxy card accompanying this joint proxy statement/prospectus to ensure that your vote is counted at the special meeting of shareholders, regardless of whether you plan to attend. You can revoke your proxy at any time before the vote is taken at the special meeting by:

- submitting written notice of revocation to Jane H. Adamy, Corporate Secretary of Chemung Financial, at One Chemung Canal Plaza, P.O. Box 1522, Elmira, New York 14902, by the time the special meeting begins;

- submitting a new vote by telephone or on the internet before the Chemung Financial special meeting; or

- submitting a properly executed proxy bearing a later date before the Chemung Financial special meeting; or

- voting in person at the Chemung Financial special meeting; however, simply attending the special meeting without voting will not revoke an earlier proxy.

If your shares are held in street name, you should follow the instructions of your broker regarding voting and revocation of proxies.

All shares represented by valid unrevoked proxies will be voted in accordance with the instructions on the proxy card. If you sign your proxy card, but make no specification on the card as to how you want your shares voted, your proxy card will be voted "FOR" the approval of the Chemung Financial Merger proposal. The board of directors of Chemung Financial is presently unaware of any other matter that may be presented for action at the special meeting. If any other matter does properly come before the special meeting, the board of directors of Chemung Financial intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

Solicitation of Proxies

The cost of solicitation of proxies will be borne by Chemung Financial. Chemung Financial will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, Chemung Financial's directors, officers and regular employees may solicit proxies personally by telephone or via email without additional compensation.

Record Date

The close of business on February [9] , 2011 has been fixed as the record date for determining the Chemung Financial shareholders entitled to receive notice of and to vote at the special meeting of shareholders. A total of ________ shares of Chemung Financial common stock were outstanding as of the record date.

Voting Rights, Quorum Requirements and Vote Required.

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Chemung Financial common stock entitled to vote is necessary to constitute a quorum at the Chemung Financial special meeting. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present, but will not be counted as votes cast either for or against the Chemung Financial Merger proposal.

Adoption of the Merger Agreement requires the affirmative vote of the holders of at least 66 2/3% of the shares of Chemung Financial common stock entitled to vote on the record date. A failure to vote or an abstention will have the same effect as a vote “AGAINST” the Chemung Financial Merger proposal. Submission of proxies not designating an election will have the same effect as shares voted “FOR” approval of the Chemung Financial Merger proposal.

In the event that a sufficient number of votes is not cast, in person or by proxy at the Chemung Financial special meeting, the special meeting may be adjourned to permit further solicitations of proxies. Should the special meeting be adjourned, by vote of a majority of the shares of Chemung Financial common stock present in person or by proxy at the special meeting, no additional notice must be given of the adjourned meeting if the place, date and time thereof are announced at the special meeting at which the adjournment is taken, unless a new record date is fixed for the adjourned meeting.

As of the record date, directors and executive officers of Chemung Financial, together with their affiliates, beneficially owned approximately _____ shares of Chemung Financial common stock entitled to vote at the special meeting of shareholders. This represents approximately ____ % of the total votes entitled to be cast at the special meeting. Chemung Financial’s directors and executive officers have indicated that they intend to vote these shares in favor of the Merger.

In addition, as of record date, the Chemung Canal trust department held ____shares of Chemung Financial common stock in various fiduciary capacities. Of these shares, ___are held in accounts where Chemung Canal is sole trustee or executor and will be voted by Chemung Canal only if the trust instrument provides for voting of the shares at the direction of the grantor or a beneficiary, and voting instructions are actually received prior to the special meeting. Shares held in co-fiduciary capacity are voted by the co-fiduciary in the same manner as if the co-fiduciary were the sole fiduciary. There are ___shares held by Chemung Canal as trustee of the Chemung Canal Trust Company Profit-Sharing, Savings and Investment Plan, in which participants in the Plan instruct the trustee how to vote such shares.

Recommendation of the Board of Directors of Chemung Financial

The Chemung Financial board of directors has unanimously approved the Merger Agreement and the transactions contemplated by the Merger Agreement. The board of directors of Chemung Financial believes that the Merger Agreement is fair to Chemung Financial shareholders and is in the best interests of Chemung Financial and its shareholders and recommends that you vote “FOR” the approval of Chemung Financial Merger proposal. See “The Merger and the Merger Agreement – Recommendation of the Chemung Financial Board of Directors and Reasons for the Merger” beginning on page 41 .

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU EXPECT TO ATTEND THE CHEMUNG FINANCIAL SPECIAL MEETING IN PERSON, CHEMUNG FINANCIAL URGES YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY (1) ACCESSING THE INTERNET WEBSITE SPECIFIED ON THE ENCLOSED PROXY CARD; (2) CALLING THE TELEPHONE NUMBER SPECIFIED ON THE ENCLOSED PROXY CARD OR (3) COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder.

If you have any questions concerning the Merger or the other matters to be considered at the Chemung Financial special meeting, or would like additional copies of this joint proxy statement/prospectus or need help voting your shares, please contact Chemung Financial's Corporate Secretary, Jane H. Adamy via telephone at (607)737-3788 or by mail, Chemung Financial Corporation, Attention: Jane H. Adamy, Corporate Secretary, One Chemung Canal Plaza, P.O. Box 1522, Elmira, New York 14902.

The Merger and The Merger Agreement

The description of the Merger and the Merger Agreement contained in this joint proxy statement/prospectus describes the material terms of the Merger Agreement. The description in this section and elsewhere in this document is qualified in its entirety by reference to the complete text of the Merger Agreement, as amended, a copy of which is attached as Appendix A1 and Appendix A2 and is incorporated by reference into this joint proxy statement/prospectus. This summary is not intended to be comprehensive, and may not contain all of the information about the Merger Agreement that is important to you. We encourage you to read the Merger Agreement carefully and in its entirety. This section is not intended to provide you with any factual information about Chemung Financial or Fort Orange. Such information can be found elsewhere in this joint proxy statement/prospectus and in the public filings of Chemung Financial with the SEC, as described in the section entitled “Where You Can Find More Information” on page 1 .

Explanatory Note Regarding the Merger Agreement.

The Merger Agreement is included to provide you with more detailed information regarding its terms. Factual disclosures about Chemung Financial and Fort Orange contained in this joint proxy statement/ prospectus or in Chemung Financial’s public reports filed with the SEC may supplement, update or modify the factual disclosures about the companies contained in the Merger Agreement. The representations, warranties and covenants made in the Merger Agreement by Fort Orange or Chemung Financial were qualified and subject to important limitations agreed to by the parties in connection with negotiating the terms of the Merger Agreement. It is important to note, as you review the representations and warranties contained in the Merger Agreement, that such representations and warranties were negotiated with the primary purposes of establishing the circumstances in which a party to the Merger Agreement may have the right not to close the Merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to shareholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that were made by each party to the other, which disclosures were not reflected in the Merger Agreement. Further, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this joint proxy statement/prospectus, may have changed since the date of the Merger Agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this joint proxy statement/prospectus.

General.

Pursuant to the Merger Agreement, Fort Orange will merge with and into Chemung Financial, with Chemung Financial being the surviving entity. Outstanding shares of Fort Orange common stock will be converted into the right to receive the merger consideration. Cash will be paid in lieu of any fractional share of Chemung Financial common stock. See “The Merger and the Merger Agreement - Merger Consideration” beginning on page 38 .

Immediately following the Merger, Capital Bank, a wholly owned subsidiary of Fort Orange, will merge with and into Chemung Canal, a wholly owned subsidiary of Chemung Financial, with Chemung Canal being the surviving bank.

The Parties.

Chemung Financial Corporation

Chemung Financial is bank holding company registered with the Federal Reserve and has been registered with the Federal Reserve as a financial holding company since June 22, 2000. As a financial holding company, Chemung

Financial is empowered to offer an array of financial services, such as insurance products, annuities, mutual funds, brokerage and tax preparation services. Chemung Financial offers these services through CFS Group, Inc., its wholly owned non-bank, financial services subsidiary, which commenced operations in September 2001.

Chemung Canal was established in 1833 under the name Chemung Canal Bank, and was subsequently granted a New York State bank charter in 1895. In 1902, the Bank was reorganized as a New York State trust company under the name Elmira Trust Company, and its name was changed to Chemung Canal Trust Company in 1903. Chemung Financial was incorporated on January 2, 1985 under the laws of the State of New York for the purpose of acquiring Chemung Canal Trust Company. Chemung Financial is regulated by the Federal Reserve, and Chemung Canal is regulated by the Federal Reserve and Banking Department.

Chemung Canal is a New York chartered commercial bank which engages in full-service commercial and consumer banking and trust business. The bank's services include accepting time, demand and savings deposits, including NOW accounts, regular savings accounts, insured money market accounts, investment certificates, fixed-rate certificates of deposit and club accounts. The bank also offers secured and unsecured commercial and consumer loans, residential and home equity mortgage loans, revolving credit loans with overdraft checking protection and small business loans. Additional services include renting safe deposit facilities, the provision of networked automated teller facilities and internet banking. The bank's trust business includes services as executor and trustee under wills and agreements, and guardian, custodian, trustee and agent for pension, profit-sharing and other employee benefit trusts, as well as various investment, pension, estate planning and employee benefit administrative services.

As of September 30, 2010, Chemung Financial had $972.7 million in assets, $803.5 million in deposits, $97.3 million of shareholders' equity and 23 full-service branch locations located across seven counties in the southern tier of New York and in the northern tier of Pennsylvania. It also maintains 13 off-site ATM locations. Chemung Financial common stock is traded on the OTCBB under the symbol "CHMG.OB."

Chemung Financial's principal executive offices are located at One Chemung Canal Plaza, P.O. Box 1522, Elmira, New York, its phone number is (607) 737-3746 and its website is www.chemungcanal.com.

Fort Orange Financial Corp.

Fort Orange was formed as a Delaware corporation on March 8, 2006 to serve as the bank holding company for Capital Bank. Capital Bank was formed as a New York State-chartered commercial bank in December 1995. Effective December 1, 2006, after receiving the required regulatory approvals from the Banking Department and the Federal Reserve, Capital Bank completed its reorganization into the holding company structure and became a wholly-owned subsidiary of Fort Orange. Each issued and outstanding share of common stock and preferred stock of Capital Bank was automatically converted into one share of common stock or preferred stock, respectively, of Fort Orange.

Capital Bank engages primarily in commercial banking activities in Albany and Saratoga counties and surrounding areas of New York State through its main office (which includes a bank branch), four additional branch offices, and its internet website (www.capitalbank.com). Capital Bank's primary customers are small to mid-size businesses, professionals, such as doctors, attorneys and accountants, and high net worth individuals. Capital Bank's principal lending products are commercial real estate loans, construction and land loans, commercial loans, lines of credit and leases, residential real estate loans, home equity loans and lines of credit, and consumer installment loans and lines of credit. Deposit products include demand deposits, money market accounts, savings accounts and time deposits. Capital Bank is not a member of the Federal Reserve System. It is regulated by the FDIC and the Banking Department. Fort Orange is regulated by the Federal Reserve.

As of September 30, 2010, Fort Orange had consolidated assets of $270.9 million, total deposits of $210.2 million, and shareholders' equity of $22.6 million.

Fort Orange common stock is quoted on the Pink Sheets under the symbol "FOFC." Fort Orange's main office is located at 1375 Washington Avenue, Albany, New York, and its telephone number is (518) 434-1212.

Background of the Merger.

Chemung Financial's board of directors regularly assesses, and, when appropriate, revises, its strategic plan. The foundation of that plan is enhancement of shareholder value over the long term within the framework of the safe and sound operation of Chemung Canal. Because economic prospects and demographic trends in its primary market are stagnant or declining, the board of directors has concluded that to successfully execute its strategic plan, Chemung

Financial must supplement organic growth with expansion through selective acquisitions of depository institutions and other businesses in attractive markets that will be receptive to the company's menu of deposit, loan, investment, fiduciary and other products and services. Consistent with this thinking, in 2009, Chemung Financial acquired and successfully integrated into its operations The Bank of Canton, a commercial bank with an established presence in Pennsylvania. In 2010, Chemung Financial's board of directors continued to discuss and analyze market conditions, the mergers and acquisitions landscape and potential opportunities for growth with its senior management and Sandler O'Neill, its financial advisor.

Fort Orange's board of directors has, since its formation in 2006, periodically reviewed strategic opportunities as a part of its goal to grow its Capital District franchise, deliver first rate customer service and develop long term shareholder value. FinPro and other financial advisors have assisted the Company's board of directors and management with this ongoing strategic review process. As part of this process, the board of directors has considered expansion opportunities, including the acquisition of other banks and businesses, as well as mergers and business combinations with other financial institutions. In the latter part of 2008, the board of directors began to focus on whether the Company could reasonably expect to achieve its goals as an independent organization, taking into account a number of factors, including its asset size, growth prospects, competition from other financial service providers, economies of scale and the anticipated significant increase in compliance costs stemming from recently enacted federal legislation and the many implementing regulations that the banking regulators will soon adopt. Discussions were held with several financial institutions concerning the possibility of a business combination. All were exploratory in nature and none generated sufficient mutual interest to proceed beyond the discussion stage. The first discussions to reach a significant potential for an agreement occurred in the Summer of 2010 with Chemung Financial.

In July of 2010, Ronald M. Bentley, Chemung Financial's President & Chief Executive Officer, telephoned Larry H. Becker, Vice Chairman of the Board of Fort Orange, to determine the level of interest in exploring a strategic partnership with Chemung Financial. Messrs. Becker and Bentley knew each other as a result of Mr. Bentley's previous employment with a regional bank for which he was responsible for the development of business in the Capital District. This conversation was informal and did not include potential transaction terms.

On August 3, 2010, Mr. Bentley and David Dalrymple, the Chairman of the Board of Chemung Financial, met with Mr. Becker, Eugene M. Sneeringer, Jr., Chairman of the Board of Fort Orange, and Francis H. Trombly, Jr., Chairman Emeritus of Fort Orange. During this meeting, the participants discussed each company's goals, strategies, communities, employees, their potential synergies and their respective interests in a business combination. These discussions focused on broad concepts and did not include any details of a proposed transaction.

On August 24, 2010, Mr. Becker telephoned Mr. Bentley to ascertain Chemung Financial's interest in a business combination with Fort Orange. Mr. Bentley told Mr. Becker that Chemung Financial was interested and agreed to meet with Messrs. Becker and Sneeringer to outline some general transaction terms. On or about that same date, Mr. Bentley began consulting with Chemung Financial's financial and legal advisors about transaction terms and conditions, including possible forms of consideration, exchange ratios, representations and warranties and the post-transaction composition of Chemung Financial's board of directors.

A series of telephone conferences and meetings amongst Messrs. Bentley, Becker and Sneeringer ensued in late August and early September, 2010, as a result of which, Fort Orange asked Chemung Financial to submit a letter of intent outlining proposed terms of the transaction. Chemung Financial delivered a non-binding letter of intent to Fort Orange on September 2, 2010, which the Fort Orange board of directors considered at a special meeting held on September 3, 2010.

At the Fort Orange special board meeting held on September 3, 2010, Chairman Sneeringer and Vice Chairman Becker reviewed with the entire board the discussions with Chemung Financial that had taken place during July and August, 2010, which culminated in the delivery of the non-binding letter of intent. The Fort Orange board discussed the terms of the letter of intent with a focus on the merger consideration, including the use of a fixed, as opposed to a floating, exchange ratio, the proposed termination fee, the retention of the Capital Bank name, the composition of the board of the combined entity, proposed severance for Capital Bank employees not retained by Chemung Financial, and the exclusive negotiating period. A FinPro representative attended the meeting and provided a summary analysis of Chemung Financial, which included examination of its branch network, common stock trading history, dividend rate, historical financial information, information on the management team and the board of directors, and preliminary pro-forma financial information based on a combination of the two entities as outlined in the letter of intent, including the projected increase in earnings per share for Fort Orange shareholders.

As a result of these discussions, the Fort Orange board directed Messrs. Becker, Sneeringer and Trombly to negotiate a per share price of $7.50 which equated to a fixed exchange ratio of 0.3571, based on the then $21.00 price per share of Chemung Financial's stock and an enhanced severance plan for Capital Bank employees not retained by Chemung Financial. On September 8, 2010, Chemung Financial and Fort Orange signed a revised letter of intent providing for a fixed exchange ratio of 0.3571 and an enhanced severance plan for Capital Bank employees not retained by Chemung Financial, and setting forth other terms and conditions to be included in a definitive agreement between the parties. The Merger Agreement includes some terms that are identical to those proposed in the September 8, 2010 letter of intent, some terms that reflect amendments to those proposed therein and some terms not contemplated in the letter of intent. See "The Merger Agreement" beginning on page 34 for a complete description of the terms and conditions of the Merger Agreement.

The parties also signed a confidentiality agreement on September 8, 2010 which provided for Fort Orange to disclose confidential information about its business to Chemung Financial and on September 11 and 12, 2010, a Chemung Financial management team and its counsel conducted on-site due diligence of Fort Orange's and Capital Bank's books and records at a Capital Bank branch office in Albany, New York. At a September 15, 2010 special meeting of Chemung Financial's board of directors, the Company's management, along with its financial and legal advisors, presented their valuation and analysis and the results of due diligence. At that meeting, the board of directors authorized management to negotiate a merger agreement with Fort Orange.

On October 1 and 2, 2010, Fort Orange's management and financial advisor conducted on-site due diligence at Chemung Financial's offices in Elmira, New York in accordance with another confidentiality agreement providing for Chemung Financial's disclosure of confidential information to Fort Orange.

Chemung Financial, through its legal counsel, delivered the first draft of the Merger Agreement to Fort Orange on October 4, 2010. During the following week, the parties, their investment advisors and legal counsel engaged in negotiations, including focusing on the provisions thereof that: i) permit Fort Orange to terminate the Merger Agreement based upon the Closing Price; ii) adjust the exchange ratio based upon an increase in Fort Orange's Delinquent Loans; and iii) address the tax implications of Messrs. Cureau's and Owens' employment agreements.

The board of directors of Fort Orange held a special meeting on October 12, 2010 to review and consider the Merger Agreement and the Merger. Vice Chairman Becker and senior management updated the board of directors on the results of the due diligence examination of Chemung Financial and the status of the Merger Agreement negotiations, including the provision for reduction of the merger consideration based upon stated increases in Fort Orange's Delinquent Loans (as defined in the Merger Agreement). Fort Orange's legal counsel also described the terms of the Voting Agreement and the Voting and Non-Competition Agreements whose execution Chemung Financial required as a condition to the Merger.

On October 14, 2010, the Fort Orange board of directors held another special meeting to review and consider the proposed transaction with Chemung Financial. A draft of the Merger Agreement and related material were distributed to the members of the board at the meeting. At the meeting, Mr. Sneeringer summarized the negotiations with Chemung Financial. George Deptula, representing Hiscock & Barclay, LLP, Fort Orange's legal counsel, explained the directors' fiduciary duties under Delaware law and reviewed the material terms of the Merger and the draft Merger Agreement and responded to questions by Fort Orange directors. A FinPro representative addressed the fairness of the merger consideration to be paid to the Fort Orange shareholders from a financial point of view, including a review of a presentation outlining the proposed transaction, and responded to questions by Fort Orange directors. Following a discussion, the board of directors unanimously determined that the Merger Agreement and the Merger were fair to and in the best interests of Fort Orange and its shareholders and approved the Merger Agreement and related actions. The significant factors relied on by the Fort Orange board in reaching its decision included the following: (1) Chemung Financial was a larger financial institution which, when combined with Fort Orange, would provide a strong capital base that would enable the combined business to be stronger competitively in the Capital Region; (2) Chemung Financial was strong financially and had a history of profitable operations; (3) Chemung Financial, unlike Fort Orange, offered trust and investment services; (4) Chemung Financial historically had paid a cash dividend to its shareholders on a regular basis, while Fort Orange had never paid a cash dividend to its shareholders; (5) like Fort Orange, Chemung Financial is a community bank with a focus on relationships and outstanding customer service; (6) FinPro, Fort Orange's financial advisor, advised the Board that the proposal from Chemung Financial was fair to the Fort Orange shareholders from a financial point of view; and (7) Chemung Financial was the only financial institution to have come forward with a financial proposal that was fair to the Fort Orange shareholders.

Also on October 14, 2010, the Chemung Financial board of directors held a special meeting to review and consider the proposed transaction with Fort Orange. A draft of the Merger Agreement and related material were distributed to the members of the board in advance of the meeting. Mr. Bentley reported on the results of the due diligence investigation of Fort Orange and summarized the negotiations with Fort Orange, including the provision for reduction of the merger consideration based upon stated increases in Fort Orange’s Delinquent Loans. Clifford Weber of Hinman, Howard & Kattell, LLP, Chemung Financial’s legal counsel, explained the directors’ fiduciary duties under New York law, reviewed the material terms of the Merger and the draft Merger Agreement, and explained the required regulatory and shareholder approvals and the deal structure and responded to questions by Chemung Financial directors. Representatives of Sandler O’Neill then addressed the fairness to Chemung Financial of the merger consideration to be paid by the company to the Fort Orange shareholders from a financial point of view, including a review of a presentation outlining the proposed transaction multiples and transaction structure, an overview of Fort Orange, comparable group analysis and a review of the methodology and assumptions used to arrive at the valuation of Fort Orange, and responded to directors’ questions. Following a discussion, the board unanimously determined that the Merger Agreement and the Merger were fair to and in the best interests of Chemung Financial and its shareholders and approved the Merger Agreement and related actions.

On October 14, 2010, Fort Orange and Chemung Financial executed and delivered the Merger Agreement, each of the Fort Orange directors, except for Mr. Cureau, executed Voting and Non-Competition Agreements and Mr. Cureau executed the Voting Agreement. On the morning of October 15, 2010, the parties issued a joint press release announcing the execution of the Merger Agreement and related documents.

On December 28, 2010, Chemung Financial and Fort Orange executed and delivered an amendment to the Merger Agreement. The amendment revises certain language regarding adjustments to the merger consideration, and corrects a termination provision and certain cross-references to sections of the Merger Agreement. A copy of the First Amendment to the Merger Agreement is attached and being filed as Appendix A2 to this joint proxy statement/prospectus.

Merger Consideration.

Chemung Financial will pay cash for 25% of the shares of Fort Orange common stock outstanding immediately prior to the Effective Time and will issue shares of Chemung Financial common stock for the remaining 75% of such shares. In accordance with the terms of the Merger Agreement, Fort Orange shareholders (other than dissenting shareholders) will be given the opportunity to elect to receive for each share of Fort Orange common stock they own, subject to adjustment and allocation procedures specified in the Merger Agreement, either:

- $7.50 in cash, without interest, which we refer to as Cash Consideration;

- 0.3571 of a share of Chemung Financial common stock, which we refer to as Stock Consideration (subject to a downward adjustment and other factors as described below); or

- a mix of Cash Consideration and Stock Consideration, with the Cash Consideration for 25% of such shareholder’s shares of Fort Orange common stock and the Stock Consideration for 75% of such shareholder’s shares of Fort Orange common stock.

The exchange ratio of 0.3571 shares of Chemung Financial stock for one share of Fort Orange stock is subject to downward adjustment if the Closing Price exceeds $25.20 per share. In addition, the Cash Consideration of $7.50 per share and the Stock Consideration exchange ratio of 0.3571 are each subject to downward adjustment on a sliding scale as described in the Merger Agreement if the delinquent loans in the Fort Orange loan portfolio increase prior to completion of the Merger.

36

No fractional shares of Chemung Financial common stock will be issued in connection with the Merger. Instead, Chemung Financial will make a cash payment to each Fort Orange shareholder who would otherwise receive a fractional share.

The value of the Stock Consideration will fluctuate with the market price of Chemung Financial's common stock. The per share value of the Stock Consideration, based upon Chemung Financial's closing stock price on January 19, 2011 , the most recent practicable trading day before this joint proxy statement/prospectus was finalized, was $8.11 per share of Fort Orange common stock. No assurance can be given (and it is not likely) that the current market price of Chemung Financial common stock will be equivalent to the market price of Chemung Financial common stock on the date that the Stock Consideration is received by Fort Orange shareholders or at any other time. At the Effective Time, the market price of the Stock Consideration could be greater or less than the value of the Cash Consideration due to fluctuations in the market price of Chemung Financial common stock.

Adjustment to the Merger Consideration

The exchange ratio applied in determining the Stock Consideration per share of Fort Orange common stock, and the Cash Consideration, are subject to adjustment based upon two independent, separate factors, which are: (i) the Closing Price; and (ii) the level of Fort Orange Delinquent Loans, as defined in the Merger Agreement. Using these two factors together, the Merger Agreement provides for adjustments to the exchange ratio and the Cash Consideration as follows:

Assuming that the Closing Price is $25.20 or less, if the Fort Orange Delinquent Loans at the end of the month immediately preceding the Closing are:

less than $6.5 million, the exchange ratio and the Cash Consideration shall remain at 0.3571 and $7.50 respectively and shall not change;

$6.5 million or greater, but less than $8.5 million, the exchange ratio shall be reduced to 0.3524 and the Cash Consideration shall be reduced to $7.40;

$8.5 million or greater, but less than $10.5 million, the exchange ratio shall be reduced to 0.3476 and the Cash Consideration shall be reduced to $7.30; or

$10.5 million or greater, Chemung Financial may either terminate the Merger Agreement or proceed with the Merger in which event the exchange ratio shall be reduced to 0.3429 and the Cash Consideration shall be reduced to $7.20.

Assuming that the Closing Price is greater than $25.20, if the Fort Orange Delinquent Loans at the end of the month immediately preceding the Closing are:

less than $6.5 million, the exchange ratio shall be computed based upon a $9.00 per share price of Fort Orange common stock. For example, if the Closing Price is $27.50, the exchange ratio would be 0.3273 and the Cash Consideration would be $7.50. The exchange ratio as so adjusted is defined in the Merger Agreement as the "Adjusted Exchange Ratio";

$6.5 million or greater, but less than $8.5 million, the exchange ratio shall be 98.67% of the Adjusted Exchange Ratio and the Cash Consideration shall be $7.40;

$8.5 million or greater, but less than $10.5 million, the exchange ratio shall be 97.34% of the Adjusted Exchange Ratio and the Cash Consideration shall be $7.30; or

$10.5 million or greater, Chemung Financial may either terminate the Merger Agreement or proceed with the Merger in which event the exchange ratio shall be 96.02% of the Adjusted Exchange Ratio and the Cash Consideration shall be $7.20.

Exchange Procedures.

An election form and transmittal materials are being mailed under separate cover to Fort Orange shareholders who hold shares of Fort Orange common stock in registered form. If you wish to make an election with respect to any of your shares, you must submit an election form and transmittal materials and the certificates evidencing your election shares to the exchange agent prior to the election deadline. Do not submit your stock certificates with your proxy card. You should only submit your stock certificates which represent your election shares when you have received and properly completed the election form and transmittal materials.

If you own your shares in “street name” through a broker or other financial institution, you must contact your broker or financial institution for instructions on how to make an election. If you fail to make a proper election and are not dissenting to the Merger, you will be mailed a letter of transmittal shortly after the Effective Time, which will contain instructions on how to submit your Fort Orange shares in exchange for the merger consideration. See “ Exchange Procedures; Surrender of Stock Certificates” beginning on page 40 of this joint proxy statement/prospectus.

Exchange Agent. After the election deadline, Chemung Financial will deposit with the exchange agent (1) cash in an amount sufficient to allow the exchange agent to pay the aggregate Cash Consideration payment provided for in the Merger Agreement and (2) certificates (or evidence of shares in book entry form) representing shares of Chemung Financial common stock, which we refer to as the “new certificates,” each to be given to the holders of Fort Orange common stock in exchange for old certificates representing shares of Fort Orange common stock. Any such cash or new certificates remaining in the possession of the exchange agent after the first anniversary of the Effective Time will be returned to Chemung Financial. Any holder of old certificates who has not exchanged his, her or its old certificates by that time must look exclusively to Chemung Financial, and only as a general creditor, for the merger consideration to which he, she or it may be entitled upon exchange of such old certificates.

Until you surrender your Fort Orange stock certificates for exchange, you will accrue, but will not be paid, any dividends or other distributions declared after the Effective Time with respect to Chemung Financial common stock into which any of your Fort Orange shares may have been converted. When you surrender your Fort Orange stock certificates, Chemung Financial will pay any unpaid dividends or other distributions declared with respect to the shares of Chemung Financial stock included in the merger consideration you receive for your shares of Fort Orange common stock, without interest. After the completion of the Merger, there will be no transfers on the stock transfer books of Fort Orange of any shares of Fort Orange common stock.

If a certificate for Fort Orange common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the Merger Agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification. The posting of a bond in a reasonable amount, for which a fee may be charged, may also be required.

The exchange agent for the Merger is American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219. Its telephone number is (718) 921-8155.

Allocation Procedures.

The aggregate amounts of Cash Consideration and Stock Consideration to be paid and issued, respectively, to Fort Orange shareholders in the Merger are fixed, subject to downward adjustment in the event: (i) that the Closing Price exceeds $25.20 per share; or (ii) that Fort Orange’s Delinquent Loans exceed $6.5 million at the end of the month immediately preceding the Effective Time.

Since the Cash Consideration will be paid for only 25% of the Fort Orange shares entitled to receive the merger consideration at the Effective Time, it is likely that the Cash Consideration Pool will be oversubscribed and Fort Orange shareholders who elect to receive Cash Consideration will receive a mix of Cash Consideration and Stock Consideration in the Merger. In the event that the Cash Consideration Pool initially selected by Fort Orange shareholders is oversubscribed (i.e. exceeds 25% of the outstanding Fort Orange common stock), Fort Orange shareholders who make a cash-only election will receive a mix of Cash Consideration and Stock Consideration. In the event that the Stock Consideration Pool initially selected by the Fort Orange shareholders is oversubscribed (i.e. exceeds 75% of the outstanding Fort Orange common stock), Fort Orange shareholders who make a stock-only election will receive a mix of Cash Consideration and Stock Consideration in the Merger. The allocation of the mix of consideration payable to Fort Orange shareholders who initially make such a cash-only or stock-only election will not be known until Chemung Financial tallies the results of the cash/stock elections made by all Fort Orange shareholders, which will not occur until near or at the Effective Time. The allocation shall be prorated among the Fort Orange shareholders affected. Fort Orange shareholders who initially make an election to submit 25% of their stock for Cash Consideration and 75% for Stock Consideration will not be subject to such an allocation. Also, Fort Orange shareholders who own 100 or fewer shares and who elect only Cash Consideration will not be subject to the allocation and will receive only cash.

Treatment of Fort Orange Stock Options and Other Equity Awards.

In accordance with the Merger Agreement, at the Effective Time, each option to purchase shares of Fort Orange common stock (each, a “Fort Orange stock option”) outstanding and unexercised immediately prior to the Effective Time will become vested, to the extent not already vested, and immediately exercisable. Each holder of a Fort Orange stock option outstanding and unexercised immediately prior to the Effective Time, will become entitled to receive cash in an aggregate amount equal to the product of (i) the number of shares of Fort Orange common stock subject to the unexercised Fort Orange option, times (ii) the difference, if any, between (x) the sum of: (1) 75% of the product of the exchange ratio and the Closing Price plus (2) 25% of $7.50, and (y) the applicable exercise price per share for the Fort Orange stock option. The cash paid to holders of Fort Orange stock options will not be included in the Cash Consideration Pool for purposes of the allocation procedures set forth in the Merger Agreement.

In accordance with the Merger Agreement, at the Effective Time, all outstanding and unvested rights to receive shares of Fort Orange common stock granted under the Fort Orange Financial Corp. 2007 Stock-Based Incentive Plan (other than a Fort Orange stock option), which are collectively referred to as “Fort Orange Restricted Stock Awards,” shall vest and be free of any restrictions and be exchanged for the merger consideration (including Fort Orange Restricted Stock Awards held by Mr. Cureau). The merger consideration paid in exchange for shares issued on account of Fort Orange Restricted Stock Awards will be considered as part of both the Cash Consideration Pool and the Stock Consideration Pool for purposes of the allocation procedures set forth in the Merger Agreement.

Recommendation of the Chemung Financial Board of Directors and Reasons for the Merger.

Chemung Financial’s board of directors reviewed and discussed the transaction with Chemung Financial’s management and its financial and legal advisors in unanimously determining that the Merger was advisable and is fair to, and in the best interests of, Chemung Financial and its shareholders. In reaching its determination, the Chemung Financial board of directors considered a number of factors, including, among others, the following:

- the board’s understanding of the presentations of Chemung Financial’s management and financial advisor regarding Fort Orange’s business, operations, management, financial condition, asset quality, earnings and prospects;
- the board’s view that the Merger is consistent with Chemung Financial’s strategic growth plan.
- The Board’s judgment that the Capital District is a growing market, having demographic characteristics that are well-suited to Chemung Financials products, services and community banking business model;
- the results of management’s due diligence investigation of Fort Orange and the reputation, business practices and experience of Fort Orange and its management, including their belief that Fort Orange is a financially healthy, well run bank holding company that is deeply committed to its customers, employees, and the communities that it serves;
- the board’s view of potential synergies resulting from a combination of Chemung Financial and Fort Orange and the growth prospects of Fort Orange;

the board's view that the combined company will have the potential to realize a stronger competitive position and improved long-term operating and financial results, including revenue and earning enhancements;

the review by Chemung Financial's board of directors with its legal and financial advisors of the structure of the Merger and the financial and other terms of the Merger Agreement; and

the financial information and analyses presented by Sandler O'Neill in its opinion that was delivered to the Chemung Financial board which is included as Appendix F to this joint proxy statement/prospectus and described under "Opinion of Chemung Financial's Financial Advisor" beginning on page 53 . SHAREHOLDERS ARE URGED TO READ THE OPINION IN ITS ENTIRETY.

This discussion of the factors considered by Chemung Financial's board of directors is not exhaustive. Chemung Financial's board of directors considered these factors as a whole, and considered them to be favorable to, and supportive of, its determination. Chemung Financial's board of directors did not consider it practical, nor did it attempt, to quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of Chemung Financial's board of directors may have given different weights to different factors.

Chemung Financial's board of directors unanimously determined that the Merger Agreement and the Merger are fair to and in the best interests of Chemung Financial and its shareholders. Accordingly, Chemung Financial's board of directors adopted and approved the Merger Agreement.

THE CHEMUNG FINANCIAL BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE CHEMUNG FINANCIAL MERGER PROPOSAL.

Recommendation of the Fort Orange Board of Directors and Reasons for the Merger

Fort Orange's board of directors reviewed and discussed the transaction with Fort Orange's management and its financial and legal advisors in determining that the Merger was advisable and is fair to, and in the best interests of, Fort Orange and its shareholders. In reaching its conclusion to adopt the Merger Agreement, the Fort Orange board of directors considered a number of factors, including, among others, the following:

the board's understanding of the presentations of Fort Orange's management and financial advisor regarding each of Fort Orange's and Chemung Financial's business, operations, management, financial condition, asset quality, earnings and prospects;

the results of Fort Orange's due diligence investigation of Chemung Financial and the reputation, business practices and experience of Chemung Financial and its management, including experience related to integration of acquired businesses;

management's view that the Merger will allow for enhanced opportunities for Fort Orange's clients and customers, and management's view that the lack of geographic overlap between the two companies will minimize the impact of the Merger on Fort Orange's employees;

Chemung Financial's commitment to continue a significant presence in Albany, New York, including its intention to retain the "Capital Bank" name;

Chemung Financial's agreement to appoint two Fort Orange or Capital Bank directors to the boards of Chemung Financial and Chemung Canal and to establish an advisory board comprised of the remaining Fort Orange and Capital Bank directors (other than Peter D. Cureau and the two directors appointed to the Chemung Financial and Chemung Canal boards) in order to provide continuity and leadership in Fort Orange's local markets;

the board's knowledge of the current and prospective environment in which Fort Orange operates, including national and local economic conditions, the competitive environment, the trend toward consolidation in the financial services industry and the likely effect of these factors on Fort Orange's potential growth, development, productivity, profitability and strategic options;

the board's view that the size of the institution and related economies of scale, as well as diversification of product offerings, beyond the level it believed to be reasonably achievable on an independent basis was becoming increasingly important to continued success in the current financial services environment;

the review by the Fort Orange board of directors with its legal and financial advisors of the structure of the Merger and the financial and other terms of the Merger Agreement, including the adequacy of the merger consideration, not only in relation to the current market price of Fort Orange common stock, but also in relation to the historical, present and anticipated future operating results and financial position of Fort Orange;

the fact that the combined value of the Cash Consideration and Stock Consideration, based on the closing price of Chemung Financial common stock on October 14, 2010, of $7.63 for each share of Fort Orange common stock represented a 67.7% premium over the closing price of Fort Orange common stock of $4.55 on October 14, 2010, and a premium of approximately 64% over Fort Orange's 52-week average closing price on October 14, 2010, the last trading day before Fort Orange and Chemung Financial announced that they had entered into the Merger Agreement;

Chemung Financial's current quarterly dividend rate of $0.25 per share, as compared to the fact that Fort Orange has never paid a cash dividend;

the fact that Fort Orange shareholders will receive predominantly shares of Chemung Financial common stock in the Merger, which would allow Fort Orange shareholders to participate in a significant portion of the future performance of the combined Fort Orange and Chemung Financial businesses and synergies resulting from the Merger, and the value to Fort Orange shareholders represented by that consideration;

the board's conclusion that Chemung Financial's earnings and prospects make it more likely that the combined company will have superior future earnings and prospects compared to Fort Orange's earnings and prospects on an independent basis;

Fort Orange's right to terminate the Merger Agreement if: (i) at the Effective Time, the Closing Price is less than $17.85 per share, and (ii) during the period between October 15, 2010 and the Effective Time, the per share price of Chemung Financial's common stock shall have underperformed an index consisting of a weighted-average of the per share common stock prices of the common stock of certain publicly traded banks headquartered in New York and Pennsylvania with total assets between $500 million and $4 billion. For purposes of this comparison, "underperformed" means that the per share price of Chemung Financial common stock declined by more than an additional 20% over the performance of the index during such period;

the likelihood that the Merger will be completed, including the likelihood that the regulatory and shareholder approvals needed to complete the Merger will be obtained in a timely fashion; and

the financial information and analyses presented by FinPro to the Fort Orange board of directors, and FinPro's opinion to the Fort Orange board of directors to the effect that, as of the date of such opinion, based upon and subject to the factors and assumptions set forth in such opinion, the consideration in the proposed Merger was fair from a financial point of view to holders of Fort Orange common stock. A copy of the FinPro written opinion that was delivered to the Fort Orange board is included as Appendix E to this joint proxy statement/prospectus and described under "Opinion of Fort Orange's Financial

Advisor” beginning on page 45 . SHAREHOLDERS ARE URGED TO READ THE OPINION IN ITS ENTIRETY.

The Fort Orange board also considered potential risks relating to the Merger, including the following:

- the challenges associated with seeking the regulatory approvals required to complete the Merger in a timely manner;
- the potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the Merger and the potential effect on Fort Orange's business and relations with customers, service providers and other stakeholders, whether or not the Merger is completed;
- the requirement that Fort Orange conduct its business in the ordinary course and the other restrictions on the conduct of Fort Orange's business prior to completion of the Merger, which may delay or prevent Fort Orange from undertaking business opportunities that may arise pending completion of the Merger;
- the risk that potential benefits and synergies sought in the Merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of Fort Orange and Chemung Financial;
- the fact that because the Stock Consideration in the Merger is a fixed exchange ratio of shares of Chemung Financial common stock to Fort Orange common stock (subject to certain potential adjustments as specified in the Merger Agreement), Fort Orange shareholders could be adversely affected by a decrease in the trading price of Chemung Financial common stock during the pendency of the Merger;
- the fact that the exchange ratio could be adjusted downward if the Closing Price of Chemung Financial common stock exceeds $25.20 per share prior to the Effective Time;
- the fact that the Merger consideration could be reduced if the asset quality of Fort Orange's loans deteriorates prior to the closing date;
- the fact that certain provisions of the Merger Agreement prohibit Fort Orange from soliciting, and limit its ability to respond to, proposals for alternative transactions;
- the requirement that Fort Orange submit the Merger Agreement to its shareholders even if its board of directors withdraws its recommendation;
- the fact that if Fort Orange or Chemung Financial terminates the Merger Agreement because Fort Orange accepts an alternative acquisition proposal, Fort Orange is obligated to pay to Chemung Financial a termination fee in an amount equal to 2.5% of the merger consideration (presently estimated at $725,000), which may deter others from proposing an alternative transaction that may be more advantageous to Fort Orange shareholders; and
- the risks described in the section entitled "Risk Factors" beginning on page 20 .

The discussion of the information and factors considered by the Fort Orange board of directors is not exhaustive, but includes all material factors considered by the Fort Orange board. In view of the wide variety of factors considered by the Fort Orange board of directors in connection with its evaluation of the Merger and the complexity of these matters, the Fort Orange board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Fort Orange board of directors evaluated the factors described above, including asking questions of Fort Orange’s management and Fort Orange’s legal and financial advisors, and reached the unanimous decision that the Merger was in the best interests of Fort Orange and its shareholders. In considering the factors described above, individual members of the Fort Orange board of directors may have given different weights to different factors. Fort Orange’s board of directors realized there can be no assurance about future results, including results expected or considered in the factors listed above. However, the board of directors concluded the potential positive factors outweighed the potential risks of completing the Merger. It should be noted that this explanation of the Fort Orange board’s reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading “Forward-Looking Statements” beginning on page 168 .

During its consideration of the Merger described above, Fort Orange's board of directors were also aware that some of its directors and executive officers may have interests in the Merger that are different from or in addition to those of its shareholders generally, as described in the section entitled "The Merger and the Merger Agreement - Interests of Fort Orange Directors and Executive Officers in the Merger" beginning on page 50 .

The Fort Orange board of directors determined that the Merger, the Merger Agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, Fort Orange and its shareholders. Accordingly, the Fort Orange board of directors unanimously approved the Merger Agreement and the transactions contemplated thereby.

THE FORT ORANGE BOARD OF DIRECTORS RECOMMENDS THAT FORT ORANGE SHAREHOLDERS VOTE "FOR" THE ADOPTION OF THE FORT ORANGE MERGER PROPOSAL.

Opinion of Fort Orange's Financial Advisor.

At the meeting of the board of directors of Fort Orange on October 14, 2010, FinPro rendered its oral opinion to the board of directors of Fort Orange, and subsequently confirmed in its written opinion dated October 14, 2010, that, as of such date and based upon and subject to the factors and assumptions described to the board of directors during its presentation and set forth in its written opinion, the consideration in the proposed Merger is fair, from a financial point of view, to holders of Fort Orange common stock. The issuance of FinPro's opinion was approved by Fort Orange's board. FinPro provides investment banking and consulting services to the bank and thrift industry, including appraisals and valuations of bank and thrift institutions and their securities in connection with mergers, acquisitions and other transactions.

The full text of the written opinion of FinPro dated October 14, 2010, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Appendix E to this joint proxy statement/prospectus. Fort Orange shareholders are urged to read the opinion in its entirety. FinPro's written opinion is addressed to the board of directors of Fort Orange and is directed only to the consideration in the Merger and does not constitute a recommendation as to how any holder of Fort Orange common stock should vote with respect to the Merger or any other matter. The summary of the opinion of FinPro set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.

In rendering its opinion, FinPro considered, among other things:

- the Merger Agreement and the exhibits thereto;
- historic changes in the market for bank stocks;
- trends and changes in the financial condition and results from operations of Fort Orange and Chemung Financial beginning with the 2005 fiscal year end;
- the most recent annual report to shareholders of Fort Orange and Chemung Financial;
- the most recent earnings releases for Fort Orange;
- the most recent 10-K of Chemung Financial;
- the quarterly reports on Form 10-Q of Chemung Financial; and

the most recent audited financial statements of Fort Orange and Chemung Financial.

In performing its review and in rendering its opinion, FinPro has relied upon the accuracy and completeness of all of the financial and other information that was available to it from public sources, that was provided to it by Fort Orange, or Chemung Financial or their respective representatives, or that was otherwise reviewed by FinPro, as the case may be, and FinPro has assumed such accuracy and completeness for purposes of rendering its opinion. FinPro has further relied on the assurances of management of Fort Orange that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. FinPro has not been asked to and has not undertaken any independent verification of any of such information, and FinPro does not assume any responsibility or liability for the accuracy or completeness thereof. FinPro has not made an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Fort Orange or Chemung Financial or any of their subsidiaries, or the collectability of any such assets, nor has FinPro been furnished with any such evaluations or appraisals. FinPro has not made any independent evaluation of the adequacy of the allowance for loan losses of Fort Orange or Chemung Financial or any of their subsidiaries nor has FinPro reviewed any individual credit files, and has assumed that their respective allowance for loan losses are adequate to cover such losses and will be adequate on a pro forma basis.

The following is a summary of the material analyses performed by FinPro and presented to Fort Orange's board of directors on October 14, 2010. The summary is not a complete description of all the analyses underlying FinPro's opinion. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. FinPro believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered, without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. The financial analyses summarized below include information presented in a tabular format. In order to understand fully the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.

Valuation.

FinPro analyzed the merger consideration using the standard evaluation techniques (as discussed below) including, but not limited to: comparable trading multiples, comparable acquisition multiples, the investment value and the contribution analysis.

Market Value. Market value is generally defined as the price, established on an "arms-length" basis, at which knowledgeable, unrelated buyers and sellers would agree to transfer shares. The market value is frequently used to determine the price of a minority block of stock when both the quantity and the quality of the "comparable" data are deemed sufficient. The market value for a financial institution can be determined by comparison to the median price to earnings and price to tangible book value of publicly-traded financial institutions, adjusting for significant differences in financial performance criteria. The market value in connection with the evaluation of control of a financial institution is determined by the previous sales of financial institutions.

Market Value – Fort Orange and Chemung Financial Trading Comparables. FinPro selected a Comparable Trading Group for Fort Orange which was comprised of banks located in New York, New Jersey and Pennsylvania with assets less than $650 million that traded on the NYSE, AMEX or NASDAQ exchanges. Any known merger targets were eliminated from the Comparable Trading Group. Chemung Financial's data was added for comparison to Fort Orange's data.

The selected Comparable Trading Group was composed of: Bancorp of New Jersey, Inc. (BKJ), Commercial National Financial Corporation (CNAF), DNB Financial Corporation (DNBF), Emclaire Financial Corp. (EMCF), Herald National Bank (HNB), Jeffersonville Bancorp (JFBC), Mid Penn Bancorp, Inc. (MPB), Norwood Financial Corp (NWFL), Somerset Hills Bancorp (SOMH), Sussex Bancorp (SBBX) and VSB Bancorp, Inc. (VSBN).

At or for the Twelve Months ended June 30, 2010, unless noted	Fort Orange			Comparable Group Median			Chemung Financial		
Balance Sheet Data:									
Total Assets	$	271 million		$	464 million		$	1 billion	
Loans to Deposits		93.05	%		78.43	%		70.72	%
Loans to Assets		71.04	%		64.12	%		58.22	%
Deposits to Assets		77.17	%		83.16	%		83.16	%
Borrowings to Assets		14.03	%		4.89	%		6.52	%
Capitalization:									
Equity to Assets		8.20	%		10.39	%		9.48	%
Tangible Equity to Tangible Assets		8.20	%		10.39	%		8.11	%
Equity + Reserves to Assets		9.29	%		11.47	%		9.17	%
Asset Quality:									
Nonperforming Loans to Loans		0.80	%		1.83	%		2.00	%
Reserves to Nonperforming Loans		189.96	%		70.35	%		88.68	%
Nonperforming Assets to Assets		0.57	%		1.44	%		1.26	%
Reserves to Loans		1.52	%		1.57	%		1.77	%
Reserves to Nonperforming Assets plus + Loans 90 Days Past Due		189.96	%		67.57	%		82.44	%
Profitability – Trailing 12 Months:									
Return on Average Assets		0.39	%		0.61	%		0.75	%
Return on Average Equity		5.03	%		6.07	%		8.14	%
Net Interest Margin		3.22	%		3.77	%		3.88	%
Noninterest Income to Ave. Assets		0.08	%		0.66	%		1.78	%
Noninterest Expense to Ave. Assets		2.09	%		3.06	%		3.87	%
Efficiency Ratio		66.26	%		69.77	%		70.80	%
Growth Rates:									
Assets – 12 Months		6.58	%		6.23	%		5.29	%
Loans – 12 Months		-3.13	%		4.24	%		-4.55	%
Deposits – 12 Months		8.21	%		11.23	%		6.76	%
Earnings per Share – 12 Months		66.67	%		22.15	%		14.12	%
Market Pricing Multiples on 10/12/10:									
Price to Trailing Earnings per Share		15.17	x		10.65	x		10.64	x
Price to Trailing Core* Earnings per Share		23.58	x		12.27	x		9.09	x
Price to Book Per Share		75.95	%		84.06	%		79.74	%
Price to Tangible Book Per Share		75.95	%		89.35	%		94.58	%
Dividend Yield		0.00	%		2.09	%		4.65	%

Sources: SNL Securities' market data and FinPro calculations.

* Note: Core earnings were defined as: net income before extraordinary items less net income attributable to noncontrolling interest less the after-tax portion of investment securities (non-trading) and nonrecurring items. The assumed tax rate is 35%.

45

Market Value – Acquisition. In analyzing the merger consideration, FinPro considered the market approach and evaluated price to earnings, price to core earnings, price to tangible book and franchise premium to core deposits multiples for bank and thrift mergers announced after December 31, 2009. FinPro examined two merger groups as follows:

All Regional – All Mid Atlantic and New England bank and thrift mergers (27 deals)

Regional, Credit and Bank Acquirer – All Mid Atlantic and New England bank and thrift mergers where the target had non-performing assets to assets ratio less than 5% and where the acquirer was a bank or thrift (12 deals)

The following table illustrates the median, minimum and maximum pricing multiples of the two merger groups.

	Price to Last Twelve Months' Earnings per Share		Price to Last Twelve Months' Core* Earnings per Share		Price to Tangible Book Value Per Share		Franchise Premium to Core Deposits		Premium to One Month Prior Stock Price	
Multiples of Merger Consideration	25.4	x	40.2	x	127.4	%	4.5	%	64.2	%
All Regional										
Median	22.7	x	25.7	x	105.0	%	3.0	%	106.8	%
Minimum	19.3	x	20.0	x	50.3	%	0.2	%	22.9	%
Maximum	26.0	x	28.8	x	200.2	%	13.6	%	168.3	%
Regional, Credit and Bank Acquirer										
Median	20.8	x	26.8	x	119.1	%	3.0	%	110.9	%
Minimum	19.3	x	20.0	x	82.6	%	1.8	%	22.9	%
Maximum	26.0	x	28.8	x	200.2	%	13.6	%	168.3	%

Sources: SNL Securities data and FinPro calculations.

* Note: Core earnings were defined as: net income before extraordinary items less the after-tax portion of investment securities and nonrecurring items and other gains on sale. The assumed tax rate is 35%.

Investment Value. The investment value of a financial institution's stock is an estimate of present value of the future benefits, usually earnings, cash flow or dividends, which will accrue to the stock. FinPro's computations were based on an analysis of the financial services industry, the economic and competitive situations currently existing in Fort Orange's market area and its current financial condition.

The projection for Fort Orange did not include cash dividends, consistent with Fort Orange's past practices. Fort Orange earnings projections for the fourth quarter of 2010 and fiscal 2011 and 2012 were provided by Fort Orange management. For the years between 2013 and 2015, earnings were assumed to grow 9% annually. FinPro did not incorporate any potential synergies that an acquirer might realize in the projection.

Terminal values were calculated using the projected 2015 earnings and applying price to earnings multiples ranging between 10.0x and 25.0x. FinPro utilized discount rates between 11% and 15%.

46

Investment Value of Fort Orange Shares Stand Alone
Price to EPS Terminal Value Range

		10.0x	15.0x	20.0x	25.0x
	15.0 %	$ 2.64	$ 3.96	$ 5.28	$ 6.60
	14.0 %	$ 2.76	$ 4.14	$ 5.52	$ 6.90
Discount Rate	13.0 %	$ 2.89	$ 4.33	$ 5.77	$ 7.22
	12.0 %	$ 3.02	$ 4.53	$ 6.04	$ 7.55
	11.0 %	$ 3.16	$ 4.74	$ 6.33	$ 7.91

Pro Forma Financial Impact Analysis.

FinPro analyzed the Merger in terms of its effect on Fort Orange's stand alone projected 2011 earnings per share and the financial condition as of June 30, 2010. Fort Orange earnings projections for 2011 were provided by Fort Orange management. Chemung Financial's projected earnings for 2011 were prepared by FinPro based upon information provided by Chemung Financial management. Based upon certain assumptions, including those with respect to cost savings and other synergies from the Merger, mark-to-market adjustments and the stand-alone earnings projections, the analysis indicated that the Merger is projected to be accretive to Chemung Financial's fiscal 2011 GAAP earnings per share, excluding merger expenses. The combined entity on a pro forma basis was projected to remain "well capitalized" and meet the Basel III capital guidelines.

These forward looking projections may be affected by many factors beyond the control of Fort Orange and Chemung Financial, including the future direction of interest rates, economic conditions in the companies' market place, the actual amount and timing of cost savings achieved through the Merger, the actual level of revenue enhancements brought about through the Merger, future regulatory changes and various other factors. The actual results achieved may vary from the projected results and the variations may be material.

Contribution Analysis.

FinPro analyzed the relative contributions of Fort Orange and Chemung Financial to the pro forma market capitalization, balance sheet and income statement items of the combined entity, including assets, net loans, core deposits, deposits, common equity, tangible common equity, net income and net income with estimated cost savings added to Fort Orange's net income total.

At or for the twelve months ended June 30, 2010, except as noted	Fort Orange	Chemung Financial
Market Capitalization at October 12, 2010	18.2 %	81.8 %
Assets	21.3 %	78.7 %
Loans, net	24.9 %	75.1 %
Core Deposits (non-maturity)	19.7 %	80.3 %
Deposits	20.1 %	79.9 %
Common Equity	19.0 %	81.0 %
Common Tangible Equity	21.8 %	78.2 %
Net Income for Trailing Twelve Months	12.9 %	87.1 %
Projected 2011 Core Net Income	17.3 %	82.7 %
Net Income for Trailing Twelve Months, with Cost Savings	25.6 %	74.4 %
Projected 2011 Core Net Income, with Cost Savings	30.0 %	70.0 %

Resulting Ownership	21.1	%	78.9	%
Resulting Ownership if consideration was 100% stock	27.3	%	72.7	%

Note: Fort Orange's projected earnings for 2011 were provided by Fort Orange. Chemung Financial's projected earnings for 2011 were prepared by FinPro based upon data provided by Chemung Financial management.

Relationship with Fort Orange and Chemung Financial.

Prior to being retained as Fort Orange's financial advisor for this transaction, FinPro provided professional services to Fort Orange and has been paid for such services. The fees paid to FinPro by Fort Orange, prior to being retained as Fort Orange's financial advisor, are not material relative to FinPro's annual gross revenues.

Fort Orange's board of directors selected FinPro as financial advisor in connection with the Merger based on FinPro's knowledge of Fort Orange and Capital Bank acquired as a result of previous financial services rendered by FinPro and because of FinPro's qualifications, expertise, reputation and experience in mergers and acquisitions involving similar financial institutions.

FinPro has not provided professional services to Chemung Financial within the past five years. In the ordinary course of their own investment portfolio management, FinPro principals may purchase bank securities for their own long-term personal investment. In the scenario that a FinPro principal owns stock in a client, the principal will be recused from deal negotiation and the issuance of a written or oral fairness opinion.

FinPro acted as financial advisor to Fort Orange in connection with the Merger and will receive fees equal to 1.0% of the aggregate deal value, or approximately $290,000 in total. To date, FinPro has been paid $100,000 and the remainder of the fee is contingent upon the consummation of the Merger. Additionally, Fort Orange has agreed to reimburse FinPro for its out-of-pocket expenses and has agreed to indemnify FinPro and certain related persons against certain liabilities possibly incurred in connection with the services performed.

Interests of Fort Orange Directors and Executive Officers in the Merger.

In considering the recommendation of the board of directors of Fort Orange to adopt the Merger Agreement, you should be aware that officers and directors of Fort Orange and Capital Bank have employment and other agreements and are participants in stock option, stock award and stock unit plans that give them interests in the Merger that are different from, or in addition to, their interests as Fort Orange shareholders. These interests and agreements include:

Agreement with Mr. Cureau. Fort Orange and Capital Bank have entered into an agreement with Mr. Cureau dated October 20, 2010, as amended December 28, 2010, pursuant to which, among other things:

- Mr. Cureau's employment terminated on December 31, 2010, at which time he ceased to be the President and Chief Executive Officer;
- Mr. Cureau will continue to serve as a member of the board of directors of Fort Orange and Capital Bank until completion of the Merger;
- A severance payment of $375,000 will be made unrestricted Mr. Cureau at the Effective Time;
- Mr. Cureau will receive, at the Effective Time, a stock award equal to all prior unvested restricted stock grants made to him during his employment that lapsed upon his termination of employment. This stock award shall be subject to the merger consideration;
- Mr. Cureau will be entitled to a portion (as outlined in the agreement) of any settlement or recovery related to a pending insurance claim of Capital Bank;
- On completion of the Merger, all of Mr. Cureau's unexercised stock options (whether vested or not) shall lapse and in lieu of any rights with respect to such options, Mr. Cureau shall receive a cash payment equal to the amount he would have received had these options been exercisable on the same basis as all other stock options held by officers and directors of Fort Orange. The stock award that lapsed upon his termination of employment shall be subject to the merger consideration;

- Mr. Cureau shall receive a performance bonus for 2010 of $25,000 and separation expenses of $10,000, no later than 30 days following his separation date; and
- Mr. Cureau shall provide Fort Orange and Capital Bank with a release from any and all claims which he had or may have related to his employment.
- Mr. Cureau's compensation and benefits are limited to a maximum 2.99 times his then base salary, as defined in Section 280G(b) of the Internal Revenue Code and thus avoids the imposition of taxes on Chemung Financial and Mr. Cureau other than ordinary taxes.

Agreement with Mr. Owens. Mr. Owens is a party to an employment agreement originally executed on July 7, 2010, as amended on December 17, 2010 and effective January 1, 2011, with Capital Bank for a two-year period, subject to renewal for successive one-year periods unless either party notifies the other in writing within 90-days prior to the expiration of the term that the agreement will not be extended (the "Employment Agreement"). The Employment Agreement provides that if Mr. Owens is terminated following completion of the Merger without "Cause", or by Mr. Owens for "Good Reason", Mr. Owens will be entitled to certain compensation and benefits. "Good Reason" is defined as the occurrence of any of the following without Mr. Owens' consent: (1) a material diminution in Mr. Owens' base compensation; (2) a material diminution in Mr. Owens' authority, duties, or responsibilities; (3) a material diminution in the budget over which Mr. Owens retains authority; (4) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Mr. Owens is required to report, including a requirement that Mr. Owens is required to report to a corporate officer or employee instead of reporting directly to the board of directors of Chemung Financial, as the surviving entity; (5) a material change in the geographic location of Mr. Owens' office; or (6) any action or inaction that constitutes a material breach by the surviving entity of the Agreement then in effect. Under the terms of the Employment Agreement, termination of employment by Chemung Financial, as the surviving entity, or by Mr. Owens for Good Reason, following the Merger, will entitle Mr. Owens to (1) a cash payment of two times his then current base salary; (2) an amount equal to the employer-provided matching contribution under Capital Bank's 401(k) Plan that would have been made if Mr. Owens had continued his employment for two years beyond the termination date; (3) all medical, prescription, dental and life insurances for Mr. Owens and his family for two years after the termination date; (4) the expense of outplacement services up to a maximum of $5,000.00; (5) the continuance of all insurance and other indemnification provisions that are in effect on the date of termination with respect to his acts and omissions while an officer or director of Capital Bank. The Employment Agreement limits the compensation and benefits payable to Mr. Owens upon completion of the Merger to a maximum 2.99 times his then base salary, as defined in Section 280G(b) of the Internal Revenue Code and thus avoids the imposition of taxes on Chemung Financial and Mr. Owens other than ordinary taxes. Employment Agreement caps the compensation and benefits payable to Mr. Owens upon completion of the Merger to a maximum of 2.99 times his then base salary, as defined in Section 280G(b) of the Internal Revenue Code and thus avoids the imposition of taxes on Chemung Financial and Mr. Owens other than ordinary taxes. The Employment Agreement also provides that Chemung Financial will engage Mr. Owens as a consultant for two years following termination for a fee of $7,500 per year.

Change in Control Agreements with other employees. Two additional employees have change in control severance agreements with Capital Bank that provide for a payment equal to either 75% or 100% of the amount of their then respective current base salary if Chemung Financial terminates the employee's employment "without cause" or if the employee terminates employment for "good reason" (as those terms are defined in the respective change in control agreements) within twelve months of the completion of the Merger.

Fort Orange Stock Options. The Fort Orange stock options granted to executive officers in 2008 vest ratably at 10% per year over a ten year period beginning on the one year anniversary of the date of grant. Under the terms of the Merger Agreement, at the Effective Time, all outstanding Fort Orange stock options that have not yet vested will immediately vest in full and each holder of a Fort Orange stock option will receive cash in an aggregate amount equal to the product of (i) the number of shares of Fort Orange common stock subject to unexercised Fort Orange options, and (ii) the difference, if any, between (x) the sum of: (1) 75% of the product of the exchange ratio and the Closing Price, and (2) 25% of $7.50, and (y) the applicable exercise price per share under the Fort Orange options. At the time of the execution of the Merger Agreement, Fort Orange's directors and executive officers (as a group) held vested and unvested stock options to acquire an aggregate of 128,712 shares of Fort Orange common stock. Assuming the Merger were to occur on April 8 , 2011, Fort Orange's current and former executive officers will hold unvested options to purchase 95,916 shares of Fort Orange common stock that will automatically vest on that date. All options held by Fort Orange directors as of January 19, 2011 were fully vested.

Fort Orange Restricted Stock Awards. The Fort Orange Restricted Stock Awards granted to executive officers in 2008 are scheduled to vest ratably at 10% per year over a ten year period beginning on the one year anniversary of the date of grant. Under the terms of the Merger Agreement, at the Effective Time, all outstanding unvested restricted stock awards shall vest and be free of any restrictions and be exchanged for the merger consideration. Assuming the Merger occurs on April 8 , 2011, Fort Orange's current and former executive officers (as a group) will hold 29,547 shares of unvested restricted stock that will automatically vest.

The following table summarizes the estimated value that the executive officers would receive in the Merger in exchange for the shares of Fort Orange common stock received as a result of the accelerated vesting of the Fort Orange stock options and the right to Restricted Stock Awards held by Messrs. Cureau and Owens as of January 19, 2011 , assuming that (i) the Merger is completed on April 8 , 2011, and (ii) the value of Fort Orange common stock at that time is $7.50 per share, which represents the per share price for the cash component of the merger consideration.

Executive Officer	Value of Options			Value of Restricted Stock		
Peter D. Cureau (1)	$	125,614	(2)	$	132,300	(3)
Steven J. Owens		43,353	(4)		89,303	(5)

(1) Mr. Cureau ceased to be an executive officer and employee of Fort Orange as of December 31, 2010, but maintains the right to receive payments in connection with his unvested stock options and restricted stock awards.

(2) Represents the cash equivalent of the value of Mr. Cureau's forfeited unexercised stock options that would have automatically vested upon completion of the Merger.

(3) Represents the value of the unrestricted stock grant to be awarded upon completion of the Merger based on an assumed Fort Orange stock price of $7.50 per share payable to Mr. Cureau in lieu of lapsed restricted stock awards that would have vested upon completion of the Merger.

(4) Represents the difference between the assumed Fort Orange stock price of $7.50 and the underlying weighted-average exercise price of the unvested options times the number of unvested options.

(5) Based on the number of unvested restricted shares that will automatically vest at the closing of the Merger and an assumed Fort Orange stock price of $7.50 per share.

Non-Employee Directors' Stock Units. At the Effective Time, all rights of non-employee directors of Fort Orange to convert stock units awarded to them shall vest and be free of any restrictions and shall be converted to shares of Fort Orange common stock which shall then be exchanged for the merger consideration. On the date of the Merger Agreement, non-employee directors held the right to convert their stock units into an aggregate of 3,183 common shares of Fort Orange stock.

Appointment as Directors of Chemung Financial or Chemung Canal. The Merger Agreement provides that two current directors of Fort Orange or Capital Bank will be appointed as directors of Chemung Financial and Chemung Canal when the Merger is completed;

Appointment to Regional Advisory Board. The Merger Agreement provides that effective as of the completion of the Merger, Chemung Financial will invite the current Fort Orange and Capital Bank directors (other than Peter D. Cureau and the two elected to the Chemung Financial and Chemung Canal boards) to a regional advisory board, the function of which will be to advise Chemung Financial and Chemung Canal with respect to operations and opportunities in Capital Bank's former market area and beyond, and to facilitate the maintenance and development of customer relationships. The advisory board shall meet on a schedule and receive per meeting compensation to be determined by Chemung Financial.

Indemnification and Insurance. The Merger Agreement contains provisions establishing the rights of Fort Orange and Capital Bank officers and directors to indemnification and directors' and officers' liability insurance. (See the next two sections for a more detailed explanation of these rights).

Indemnification.

Pursuant to the Merger Agreement, Chemung Financial has agreed, to the fullest extent as would have been permitted by Fort Orange's certificate of incorporation and to the fullest extent permitted by law, to (i) indemnify, defend and hold harmless each person who has served as an officer, director or employee of Fort Orange, Capital Bank or any other entity at the request of Fort Orange or Capital Bank against all costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages, liabilities and settlement amounts as incurred in connection with any claim, action (whether threatened, pending or contemplated), suit, proceeding or investigation, whether claimed before or after the Effective Time and whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or actions or omissions occurring at or before the Effective Time (including the transactions contemplated by the Merger Agreement); and Chemung Financial will pay expenses in advance of the final disposition of any such action or proceeding to the fullest extent permitted under applicable law, provided that the person to whom such expenses are advanced agrees to repay such expenses if it is ultimately determined that such person is not entitled to indemnification.

Directors' and Officers' Liability Insurance.

Pursuant to Section 5.9 of the Merger Agreement, Chemung Financial shall use its reasonable best efforts to maintain Fort Orange's existing directors' and officers' liability insurance policy or provide a policy providing comparable coverage and amounts for a period of 6 years after the Effective Time; provided, that if the aggregate cost of such insurance coverage exceeds 150% of the annual premiums currently paid by Fort Orange, then Chemung Financial shall obtain the most advantageous coverage obtainable for a premium equal to 150% of the annual premiums currently paid by Fort Orange.

Opinion of Chemung Financial's Financial Advisor.

By letter dated September 1, 2010, Chemung Financial retained Sandler O'Neill to act as its financial advisor in connection with a corporate transaction for the purchase of Fort Orange. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Chemung Financial in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the Merger Agreement. At the October 14, 2010 meeting at which Chemung Financial's board of directors considered and approved the Merger Agreement, Sandler O'Neill delivered to the board its oral opinion that, as of such date, the merger consideration was fair to Chemung Financial from a financial point of view. The full text of Sandler O'Neill's opinion is attached as Appendix F to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Chemung Financial's and Fort Orange's shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed Merger.

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Chemung Financial's board and is directed only to the fairness of the merger consideration paid to Fort Orange from a financial point of view. It does not address the underlying business decision of Chemung Financial to engage in the Merger or any other aspect of the Merger and is not a recommendation to any Chemung Financial shareholder as to how such shareholder should vote at the special meeting with respect to the Merger or any other matter that may come before the special meeting.

In connection with rendering its October 14, 2010 opinion, Sandler O'Neill reviewed and considered, among other things:

(1) the Merger Agreement;

(2) certain publicly available financial statements and other historical financial information of Chemung Financial that Sandler O'Neill deemed relevant;

(3) certain publicly available financial statements and other historical financial information of Fort Orange that Sandler O'Neill deemed relevant;

(4) internal financial projections for Chemung Financial for the years ending December 31, 2010 through 2013 and an estimated growth and performance rate for the years thereafter in each case as provided by, and reviewed with, senior management of Chemung Financial;

(5) internal financial projections for Fort Orange for the year ending December 31, 2010 as provided by senior management of Fort Orange and as adjusted by senior management of Chemung Financial and a long-term estimated growth rate for the years thereafter as provided by the senior management of Chemung Financial;

(6) the pro forma financial impact of the Merger on Chemung Financial, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior management of Chemung Financial;

(7) the publicly reported historical price and trading activity for Chemung Financial's and Fort Orange's common stock, including a comparison of certain financial and stock market information for Chemung Financial and Fort Orange and similar publicly available information for certain other companies the securities of which are publicly traded;

(8) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;

(9) the current market environment generally and the banking environment in particular; and

(10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of senior management of Chemung Financial the business, financial condition, results of operations and prospects of Chemung Financial, including certain operating, liquidity, regulatory and other financial matters and held similar discussions with certain members of senior management of Fort Orange regarding the business, financial condition, results of operations and prospects of Fort Orange.

In performing its review, Sandler O'Neill has relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O'Neill from public sources, that was provided to Sandler O'Neill by Chemung Financial, that was provided to Sandler O'Neill by Fort Orange or their financial representatives or that was otherwise reviewed by Sandler O'Neill and Sandler O'Neill assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill has further relied on the assurances of management of each of Chemung Financial and Fort Orange that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill has not been asked to and has not undertaken an independent verification of any of such information and it did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Chemung Financial and Fort Orange or any of their subsidiaries, or the collectability of any such assets, nor was it furnished with any such evaluations or appraisals.

Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Chemung Financial and Fort Orange and has not reviewed any individual credit files relating to Chemung Financial and Fort Orange. Sandler O'Neill assumed, with Chemung Financial's consent, that the respective allowances for loan losses for both Chemung Financial and Fort Orange are adequate to cover such losses.

With respect to the internal financial projections for Fort Orange and the internal financial projections for Chemung Financial and as reviewed with the respective managements of Chemung Financial and Fort Orange and used by Sandler O'Neill in its analyses, the respective managements of Chemung Financial and Fort Orange confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of such respective management of the future financial performances of Chemung Financial and Fort Orange, respectively, and Sandler O'Neill assumed that such performances would be achieved. With respect to the projections of transaction expenses, purchase accounting adjustments and cost savings provided by the management of Chemung Financial, management confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of such management and Sandler O'Neill assumed that such performances would be achieved. Sandler O'Neill expressed no opinion as to such financial projections or the assumptions on which they are based. Sandler O'Neill has also assumed that there has been no material change in Chemung Financial's and Fort Orange's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill has assumed in all respects material to its analysis that Chemung Financial and Fort Orange will remain as going concerns for all periods relevant to the analyses, that all of the representations and warranties contained in the Merger Agreement are true and correct, that each party to the Merger Agreement will perform all of the covenants required to be performed by such party under the Merger Agreement and that the conditions precedent in the Merger Agreement are not waived. Sandler O'Neill expressed no opinion as to any of the legal, accounting or tax matters relating to the Merger and the other transactions contemplated by the Merger Agreement.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of the opinion. Events occurring after the date of the opinion could materially affect the opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw the opinion or otherwise comment upon events occurring after the date of the opinion. Sandler O'Neill expressed no opinion as to what the value of Chemung Financial common stock will be when issued to Fort Orange shareholders pursuant to the Merger Agreement or the prices at which Chemung Financial's and Fort Orange's common stock may trade at any time.

Sandler O'Neill's opinion was directed to the board of directors of Chemung Financial in connection with its consideration of the Merger and does not constitute a recommendation to any shareholder of Chemung Financial or Fort Orange as to how such shareholder should vote at any meeting of shareholders called to consider and vote upon the Merger. Sandler O'Neill's opinion is directed only to the fairness, from a financial point of view, of the merger consideration to Chemung Financial and does not address the underlying business decision of Chemung Financial to engage in the Merger, the relative merits of the Merger as compared to any other alternative business strategies that might exist for Chemung Financial or the effect of any other transaction in which Chemung Financial might engage. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee. Sandler O'Neill has consented to inclusion of its opinion and a summary thereof in this joint proxy statement/prospectus and in the registration statement on Form S-4 which includes this joint proxy statement/prospectus. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the consideration to be received in the Merger by any Chemung Financial or Fort Orange officer, director, or employee, or class of such persons, relative to the consideration to be received in the Merger by any other shareholders.

Summary of Proposal

Sandler O'Neill reviewed the financial terms of the proposed transaction. Using the per share cash consideration of $7.50 plus the fixed exchange ratio of 0.3571x multiplied by Chemung Financial's closing stock price for October 13, 2010 ($21.50), Sandler O'Neill calculated a transaction value of $7.63 per share, or an aggregate transaction value of $29.3 million. Based upon financial information for Fort Orange as or for the quarter ended June 30, 2010, Sandler O'Neill calculated the following transaction ratios:

Transaction Multiples		
Transaction price/Book value	128	%
Transaction price/Tangible book value	128	%
Transaction price/Last twelve months earnings per share	25.4	x
Core Deposit Premium (1)	4.5	%
Premium to market (2)	68	%

(1) Core deposits measured as total deposits less jumbo CDs

(2) Based on Fort Orange's closing price as of October 13, 2010 ($4.55)

The aggregate transaction value of approximately $29.3 million is based upon the offer price per share of $7.63 and 3,768,845 shares of Fort Orange common stock outstanding and 285,711 options outstanding with a weighted average strike price of $5.70.

Comparable Company Analysis

Sandler O'Neill used publicly available information to perform a comparison of selected financial and market trading information for Fort Orange and Chemung Financial.

Sandler O'Neill also used publicly available information to compare selected financial and market trading information for Fort Orange and a group of financial institutions selected by Sandler O'Neill. The Fort Orange peer group consisted of the following selected publicly-traded commercial banks headquartered in upstate New York with total assets greater than $100 million and less than $600 million:

Ballston Spa Bancorp, Inc.
Bank of Akron
ES Bancshares, Inc.
First National Bank of Groton
Glenville Bank Holding Company, Inc.
Greater Hudson Bank, National Association
Kinderhook Bank Corp.
Lyons Bancorp, Inc.
Orange County Bancorp, Inc.
Solvay Bank Corporation
Steuben Trust Corporation

The analysis compared publicly available financial information for Fort Orange and the median financial and market trading data for the Fort Orange peer group as of and for the last twelve months ended June 30, 2010. The table below sets forth the data for Fort Orange and the median data for the Fort Orange peer group as of and for the last twelve months ended June 30, 2010, with pricing data as of October 13, 2010.

Comparable Group Analysis

		Fort Orange Financial Corp.			Comparable Group Median Result	
Total Assets (in millions)	$	271		$	350	
Tangible Common Equity / Tangible Assets		8.20	%		9.26	%
Total Risk Based Capital Ratio		12.17	%		16.15	%
Core Return on Average Assets		0.25	%		0.84	%
Core Return on Average Equity		3.25	%		8.44	%
Net Interest Margin		3.22	%		4.17	%
Efficiency Ratio		66.3	%		71.9	%
Non-performing Assets / Assets		0.57	%		0.72	%
Net Charge-Offs / Average Loans		(0.01	%)		0.04	%
Market Capitalization (in millions)	$	17		$	21	
Price / LTM EPS		15.2	x		10.5	x
Price / LTM Core EPS		14.0	x		10.0	x
Price / Tangible Book Value		76	%		95	%

Sandler O'Neill also used publicly available information to compare selected financial and market trading information for Chemung Financial and a group of financial institutions selected by Chemung senior management. The Chemung Financial peer group consisted of the following selected publicly-traded commercial banks headquartered in New York and Pennsylvania with total assets greater than $500 million and less than $4.0 billion:

Alliance Financial Corporation
Arrow Financial Corporation
Canandaigua National Corporation
Citizens & Northern Corporation
Financial Institutions, Inc.
Penns Woods Bancorp, Inc.
Penseco Financial Services Corporation
Tompkins Financial Corporation

Fidelity D & D Bancorp, Inc.	Wilber Corporation

54

The analysis compared publicly available financial information for Chemung Financial and the median financial and market trading data for the Chemung Financial peer group as of and for the last twelve months ended June 30, 2010. The table below sets forth the data for Chemung Financial and the median data for the Chemung Financial peer group as of and for the last twelve months ended June 30, 2010, with pricing data as of October 13, 2010.

Comparable Group Analysis

		Chemung Financial			Comparable Group Median Result	
Total Assets (in millions)	$	1,001		$	1,398	
Tangible Common Equity / Tangible Assets		8.11	%		7.63	%
Total Risk Based Capital Ratio		13.92	%		14.02	%
Core Return on Average Assets		0.87	%		1.13	%
Core Return on Average Equity		9.52	%		10.67	%
Net Interest Margin		3.88	%		3.86	%
Efficiency Ratio		70.8	%		60.8	%
Non-performing Assets / Assets		1.26	%		0.97	%
Net Charge-Offs / Average Loans		0.06	%		0.22	%
Market Capitalization (in millions)	$	76		$	149	
Price / LTM EPS		10.6	x		12.4	x
Price / LTM Core EPS		9.1	x		12.1	x
Price / Tangible Book Value		95	%		153	%

Stock Trading History

Sandler O'Neill reviewed the history of the publicly reported trading prices of Fort Orange's common stock for the three-year period ended October 13, 2010. Sandler O'Neill also reviewed the relationship between the movements in the price of Fort Orange's common stock and the movements in the prices of the S&P Bank Index and the NASDAQ Bank Index.

Fort Orange Three-Year Common Stock Performance

	Beginning Index Value October 13, 2007		Ending Index Value October 13, 2010	
Fort Orange	100.0	%	67.8	%
S&P Bank Index	100.0		35.3	
NASDAQ Bank Index	100.0		55.2	

Sandler O'Neill reviewed the history of the publicly reported trading prices of Chemung Financial common stock for the three-year period ended October 13, 2010. Sandler O'Neill also reviewed the relationship between the movements in the price of Chemung Financial common stock and the movements in the prices of the S&P Bank Index and the NASDAQ Bank Index.

Chemung Financial Three-Year Common Stock Performance

	Beginning Index Value October 13, 2007		Ending Index Value October 13, 2010	
Chemung Financial	100.0	%	77.1	%
S&P Bank Index	100.0		35.3	
NASDAQ Bank Index	100.0		55.2	

Net Present Value Analysis – Fort Orange common stock

Sandler O'Neill performed an analysis that estimated the present value per share of Fort Orange common stock through December 31, 2014. Sandler O'Neill based the analysis on Fort Orange's projected earnings stream as derived from the internal financial projections provided by Fort Orange management for year ending December 31, 2010, and adjusted by management of Chemung Financial to reflect adjustments that would occur after the Merger is completed. To approximate the terminal value of Fort Orange common stock at December 31, 2014, Sandler O'Neill applied price to forward earnings multiples of 10.0x to 22.5x and multiples of tangible book value ranging from 75% to 175%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 11.0% to 17.0%, which were selected to reflect different assumptions regarding desired rates of return of holders of Fort Orange common stock.

Earnings Per Share Multiples
(Value shown is $ per share)

Discount Rate	10.0 x	12.5 x	15.0 x	17.5 x	20.0 x	22.5 x
11.0 %	5.69	7.11	8.53	9.95	11.37	12.79
12.0 %	5.44	6.80	8.15	9.51	10.87	12.23
13.0 %	5.20	6.50	7.80	9.10	10.40	11.70
14.0 %	4.98	6.22	7.46	8.71	9.95	11.20
15.0 %	4.76	5.95	7.14	8.34	9.53	10.72
16.0 %	4.56	5.70	6.84	7.98	9.12	10.26
17.0 %	4.37	5.46	6.55	7.65	8.74	9.83

Tangible Book Value Per Share Multiples
(Value shown is $ per share)

Discount Rate	75 %	95 %	115 %	135 %	155 %	175 %
11.0 %	4.15	5.26	6.36	7.47	8.58	9.68
12.0 %	3.97	5.03	6.09	7.14	8.20	9.26
13.0 %	3.80	4.81	5.82	6.83	7.85	8.86
14.0 %	3.63	4.60	5.57	6.54	7.51	8.48
15.0 %	3.48	4.40	5.33	6.26	7.19	8.11
16.0 %	3.33	4.22	5.11	5.99	6.88	7.77
17.0 %	3.19	4.04	4.89	5.74	6.59	7.44

Sandler O’Neill also considered and discussed with the Chemung Financial board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O’Neill performed a similar analysis assuming Fort Orange net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for Fort Orange common stock, using a discount rate of 14.87%:

Earnings Per Share Multiples
(Value shown is $ per share)

EPS Projection Change from Base Case	10.0 x	12.5 x	15.0 x	17.5 x	20.0 x	22.5 x
(25.0 %)	3.59	4.49	5.39	6.29	7.19	8.08
(20.0 %)	3.83	4.79	5.75	6.71	7.66	8.62
(15.0 %)	4.07	5.09	6.11	7.13	8.14	9.16
(10.0 %)	4.31	5.39	6.47	7.54	8.62	9.70
(5.0 %)	4.55	5.69	6.83	7.96	9.10	10.24
0.0 %	4.79	5.99	7.19	8.38	9.58	10.78
5.0 %	5.03	6.29	7.54	8.80	10.06	11.32
10.0 %	5.27	6.59	7.90	9.22	10.54	11.86
15.0 %	5.51	6.89	8.26	9.64	11.02	12.39
20.0 %	5.75	7.19	8.62	10.06	11.50	12.93
25.0 %	5.99	7.48	8.98	10.48	11.98	13.47

Net Present Value Analysis - Chemung Financial common stock

Sandler O'Neill performed an analysis that estimated the present value per share of Chemung Financial common stock through December 31, 2014. Sandler O'Neill based the analysis of Chemung Financial's internal financial projections for the years ending December 31, 2010 through 2013 and an estimated growth and performance rate for the years thereafter in each case as provided by, and reviewed with, senior management of Chemung Financial. To approximate the terminal value of Chemung Financial common stock at December 31, 2013, Sandler O'Neill applied price to forward earnings multiples of 10.0x to 15.0x and multiples of tangible book value ranging from 100% to 200%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 11.0% to 17.0%, which were selected to reflect different assumptions regarding desired rates of return of holders of Chemung Financial common stock.

Earnings Per Share Multiples
(Value shown is $ per share)

Discount Rate	10.0 x	11.0 x	12.0 x	13.0 x	14.0 x	15.0 x
11.0 %	16.83	18.15	19.47	20.79	22.11	23.44
12.0 %	16.16	17.42	18.69	19.95	21.21	22.48
13.0 %	15.52	16.73	17.94	19.15	20.36	21.57
14.0 %	14.92	16.08	17.23	18.39	19.55	20.70
15.0 %	14.35	15.45	16.56	17.67	18.78	19.88
16.0 %	13.80	14.86	15.92	16.98	18.04	19.10
17.0 %	13.28	14.30	15.31	16.33	17.35	18.36

Tangible Book Value Per Share Multiples
(Value shown is $ per share)

Discount Rate	100 %	120 %	140 %	160 %	180 %	200 %
11.0 %	21.13	24.62	28.11	31.60	35.08	38.57
12.0 %	20.28	23.61	26.95	30.28	33.62	36.95
13.0 %	19.47	22.66	25.84	29.03	32.22	35.41
14.0 %	18.69	21.75	24.80	27.85	30.90	33.95
15.0 %	17.96	20.88	23.80	26.73	29.65	32.57
16.0 %	17.26	20.06	22.86	25.66	28.46	31.25
17.0 %	16.60	19.28	21.96	24.64	27.32	30.00

Sandler O'Neill also considered and discussed with the Chemung Financial board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming Chemung Financial net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for Chemung Financial common stock, using a discount rate of 14.87%:

Earnings Per Share Multiples
(Value shown is $ per share)

EPS Projection Change from Base Case	10.0 x	11.0 x	12.0 x	13.0 x	14.0 x	15.0 x
(25.0 %)	11.63	12.47	13.31	14.14	14.98	15.81
(20.0 %)	12.19	13.08	13.97	14.86	15.76	16.65
(15.0 %)	12.75	13.70	14.64	15.59	16.54	17.48
(10.0 %)	13.31	14.31	15.31	16.31	17.32	18.32
(5.0 %)	13.86	14.92	15.98	17.04	18.09	19.15
0.0 %	14.42	15.53	16.65	17.76	18.87	19.99
5.0 %	14.98	16.15	17.32	18.48	19.65	20.82
10.0 %	15.53	16.76	17.98	19.21	20.43	21.66
15.0 %	16.09	17.37	18.65	19.93	21.21	22.49
20.0 %	16.65	17.98	19.32	20.66	21.99	23.33
25.0 %	17.20	18.60	19.99	21.38	22.77	24.16

Analysis of Selected Merger Transactions

Sandler O’Neill reviewed the terms of merger transactions announced from January 1, 2009 through October 13, 2010 involving Mid-Atlantic and New England public banks with announced transaction values of greater than $15 million and less than $200 million where the seller’s non-performing assets/total assets was less than 2.0% at announcement. Sandler O’Neill deemed these transactions to be reflective of the proposed Fort Orange and Chemung Financial combination. Sandler O’Neill reviewed the following ratios and multiples: transaction price to stated book value, transaction price to stated tangible book value, transaction price to last twelve months earnings per share, core deposit premium and market price premium at announcement. As illustrated in the following table, Sandler O’Neill compared the proposed merger multiples to the median multiples of the comparable transactions.

Comparable Transaction Multiples

	Fort Orange /Chemung Financial		Comparable Transactions	
Transaction price/Book value	128	%	147	%
Transaction price/Tangible book value	128	%	153	%
Transaction price/Last twelve months earnings per share	25.4	x	23.4	x
Core Deposit Premium	4.5	%	5.4	%
Premium to market	68	%	54	%

Pro Forma Merger Analysis

Sandler O'Neill analyzed certain potential pro forma effects of the Merger, assuming the following: (1) the Merger is completed at the end of the first quarter of 2011; (2) Fort Orange shares are exchanged for a combination of cash consideration of $7.50 per share and 0.3571 of a share of Chemung Financial common stock.; (3) management prepared earnings projections for Fort Orange for the year ending December 31, 2010 and adjusted by senior management of Chemung Financial, through 2013; (4) certain purchase accounting adjustments, including a credit mark against Fort Orange's loan portfolio, and additional marks on securities, borrowings, and time deposits; (5) cost savings of 30% of Fort Orange's annual operating expenses, with 100% realized in the first full year; and (6) certain other assumptions pertaining to costs and expenses associated with the transaction, intangible amortization, opportunity cost of cash and other items.

For each of the full years 2012 and 2013, Sandler O'Neill compared the earnings per share of Chemung Financial common stock to the EPS, on a GAAP basis, of the combined company common stock using the foregoing assumptions.

The following table sets forth the results of the analysis:

	GAAP Basis Accretion / (Dilution) (1)	
2011 Estimated EPS	$	0.18
2012 Estimated EPS	$	0.25
2013 Estimated EPS	$	0.21

(1) Excluding one-time transaction expenses

The analyses indicated that the Merger would be accretive to Chemung Financial's projected 2011, 2012 and 2013 earnings per share, excluding one-time transaction expenses. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler O'Neill's Compensation and Other Relationships with Chemung Financial.

Sandler O'Neill has acted as financial advisor to the board of directors of Chemung Financial in connection with the Merger. Chemung Financial agreed to pay Sandler O'Neill a transaction fee of $100,000, $25,000 of which was payable upon the signing of the Merger Agreement and the remainder of the fee contingent upon the completion of the Merger. Sandler O'Neill also received a fee of $75,000 for rendering its fairness opinion to the Chemung Financial board of directors. Chemung Financial has also agreed to reimburse Sandler O'Neill for its reasonable out-of-pocket expenses, up to $15,000, and to indemnify Sandler O'Neill against certain liabilities arising out of its engagement. Sandler O'Neill's fairness opinion was approved by Sandler O'Neill's fairness opinion committee.

In the ordinary course of their respective broker and dealer businesses, Sandler O’Neill may purchase securities from and sell securities to Fort Orange and Chemung Financial and their affiliates. Sandler O’Neill may also actively trade the debt and/or equity securities of Fort Orange and Chemung Financial or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

Effects of the Merger.

As a result of the Merger, Fort Orange will cease to exist, there will no longer be any publicly held shares of Fort Orange common stock and the certificate of incorporation of the surviving company will be Chemung Financial’s certificate of incorporation as in effect immediately prior to the Merger.

Those Fort Orange shareholders who receive only Cash Consideration for their shares will not be shareholders in the surviving corporation and therefore will not participate in Chemung Canal's future earnings and potential growth as a subsidiary of Chemung Financial or bear the risk of any losses incurred in the operation of, or decreases in the value of, the surviving company's business. Those Fort Orange shareholders who receive Stock Consideration will only participate in the surviving company's future earnings and potential growth through their ownership of Chemung Financial common stock. All of the other incidents of stock ownership in Fort Orange as an ongoing independent corporation, such as the right to vote on certain corporate decisions, to elect directors and to receive dividends and distributions from Fort Orange, will be extinguished upon completion of the Merger.

As promptly as is reasonably practicable following completion of the Merger, Chemung Financial will apply to have the shares of Chemung Financial issued to Fort Orange shareholders in the Merger listed for quotation on the OTCBB and Fort Orange common stock will no longer trade over-the-counter on Pinksheets.com.

Effective Time of the Merger.

The Merger will occur after the satisfaction of all the closing conditions set forth in the Merger Agreement, including the receipt of all regulatory and shareholder approvals and after the expiration of all regulatory waiting periods. The Merger will be completed legally at the time certificates of merger have been duly filed with the Secretary of State of the States of each of Delaware and New York or at such other time as may be agreed by the parties in writing and specified in the certificates of merger. As of the date of this joint proxy statement/prospectus, the parties expect that the Merger will be completed early in the second calendar quarter of 2011; however, there can be no assurance as to when or if the Merger will occur.

If the Merger is not completed by the close of business on October 31, 2011 (or December 31, 2011 if the reason the Effective Time has not occurred is due to the fact that the parties have not received approval from the regulatory authorities, as defined in the Merger Agreement), the Merger Agreement may be terminated by either Fort Orange or Chemung Financial, unless the party seeking to terminate the Merger Agreement caused or materially contributed to the failure of the Merger to occur on or before such date.

Litigation Related to the Merger.

As of the date of this joint proxy statement/prospectus, there is no pending or, to the best knowledge of Chemung Financial and Fort Orange, threatened, litigation or other legal or regulatory proceedings relating to the Merger.

Conduct of Business Pending the Merger; Covenants.

The Merger Agreement contains various restrictions on the operations of Fort Orange before the Effective Time. In general, the Merger Agreement obligates Fort Orange to conduct its business in the ordinary and usual course of business and use reasonable best efforts to preserve its business organization and assets and maintain its rights and franchises. In addition, Fort Orange has agreed that, except as otherwise required by the Merger Agreement or with the written consent of Chemung Financial, it will not, among other things:

a. change any provision of its certificate of incorporation or bylaws;

b. change its number of authorized or issued shares of common stock or preferred stock or issue or grant any option, warrant, call, commitment, subscription, right or agreement of any character relating to its authorized or issued capital stock or any securities convertible into shares of such stock, or split, combine or reclassify any shares of capital stock, or declare, set aside or pay any dividend or other distribution in respect of capital stock, or redeem or otherwise acquire any shares of its common stock;

c. grant any severance or termination pay (other than pursuant to its current policies, written agreements or practices) to, or enter into or amend any employment agreement with, or increase the compensation of, any employee, officer or director, except for routine periodic increases, individually and in the aggregate, in accordance with past practice or hire any employee other than the hiring of at-will employees at an annual rate of salary not to exceed $50,000 to fill vacancies that may arise from time to time in the ordinary course of business;

d. merge or consolidate (or merge or consolidate Capital Bank) with any other corporation or depository institution, sell or lease all or any substantial portion of its or Capital Bank's assets or business, make any substantial business or asset acquisition other than in connection with the collection of any loan or credit arrangement between Capital Bank and any other parties, enter into a purchase and assumption transaction with respect to deposits and liabilities, or file an application for a certificate of authority to establish a new branch office;

e. sell, gift, transfer, hypothecate, pledge, encumber or otherwise dispose of its common stock or preferred stock or the common stock of Capital Bank or any of its or Capital Bank's respective assets, properties or businesses (other than in connection with deposits, repurchase agreements, acceptances, "treasury tax and loan" accounts established in the ordinary course of business and transactions in "federal funds") other than in the ordinary course of business consistent with past practice, or modify in any material way the manner in which it or Capital Bank has heretofore conducted business or enter into any new line of business, incur or guaranty any indebtedness for borrowed money except in the ordinary course of business consistent with past practice;

f. take any action which would result in any of its representations and warranties in the Merger Agreement becoming untrue as of any date after the date hereof or in any of the conditions set forth in Article VII of the Merger Agreement not being satisfied;

g. waive, release, grant or transfer any rights of value or modify or change in any material respect any existing agreement to which it or Capital Bank is a party, other than in the ordinary course of business, consistent with past practice;

h. implement any pension, retirement, profit sharing, bonus, welfare benefit or similar plan or arrangement that was not in effect on the date of the Merger Agreement, or amend any existing plan or arrangement except to the extent such amendments do not result in an increase in cost or as are required under applicable law;

i. compromise, extend or restructure any loan with an unpaid principal balance exceeding $250,000 without Chemung Financial's consent, provided, that with respect to such compromise, extension or restructure, Chemung Financial shall inform Fort Orange of its consent or objection within five (5) business days after Fort Orange's request for such consent. Should Chemung Financial fail to respond to such request within such time, it shall be deemed to have granted its consent to such request;

j. sell, exchange or otherwise dispose of any investment securities prior to scheduled maturity or loans that are held for sale;

k. purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

l. except as consistent with past practice, make any loan or other credit facility commitment (including without limitation, lines of credit and letters of credit) to any affiliate, or compromise, extend, renew or modify any such commitment outstanding;

m. except as consistent with past practice, enter into, renew, extend or modify any other transaction with any affiliate;

n.

enter into any interest rate swap or similar commitment, derivative security, collateralized debt obligation or any other commitment, agreement or arrangement which is not consistent with past practice and which increases its or Capital Bank's credit or interest rate risk over the levels existing on October 14, 2010;

o. change its accounting method, practice or principles of accounting except as may be required by GAAP or by a regulatory authority;

p. except for accepting deposits and selling certificates of deposit in the ordinary course of business, enter into any contract for an amount in excess of $25,000;

q. make any capital expenditure in excess of $25,000;

r. enter into any new line of business;

s. take any action that is intended or may reasonably be expected to result in any of its representations and warranties set forth in the Merger Agreement being or becoming untrue or materially misleading or in any of the conditions to the Merger not being satisfied, or in a violation of any provision of the Merger Agreement or the bank merger agreement, except, in every case, as may be required by applicable laws; or

t. agree to do any of the foregoing.

Representations and Warranties.

The Merger Agreement contains a number of customary representations and warranties by Chemung Financial and Fort Orange regarding aspects of their respective businesses, financial condition, structure and other facts pertinent to the Merger that are customary for a transaction of this kind and are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement or in the disclosure schedules delivered in connection therewith. They include, among other things, representation and warranties by each of Chemung Financial and Fort Orange as to:

a. the due organization, valid existence, and good standing of each of Fort Orange and Chemung Financial and their respective subsidiaries;

b. description of the capitalization of each of Fort Orange and Chemung Financial and the valid issuance of their capital stock, and related matters;

c. ownership of the securities of each of Fort Orange's and Chemung Financial's respective subsidiaries and other investments;

d. requisite corporate power and authority of each of Fort Orange and Chemung Financial and their subsidiaries to execute, deliver and perform the Merger Agreement and all related transactions, and to conduct their respective businesses and own their respective properties and assets;

e. the absence of any required regulatory filings or governmental consents with certain exceptions, and the absence of any conflicts with and violations of law and various documents, contracts and agreements;

f. the absence, since December 31, 2009, of events or circumstances that have had or are reasonably likely to have a materially adverse effect on either Fort Orange or Chemung Financial;

g. the absence of adverse material litigation against either Fort Orange or Chemung Financial or any of their respective subsidiaries or to which Fort Orange, Chemung Financial or any of their respective subsidiaries is a party;

h. the absence of regulatory orders or investigations of either Fort Orange or Chemung Financial or any of their subsidiaries;

i. compliance with all applicable laws and regulations by each of Fort Orange and Chemung Financial and its respective subsidiaries;

j. the accuracy and completeness of the statements of fact made in filings with governmental entities in connection with the Merger Agreement;

k. receipt of a written opinion by each of Fort Orange and Chemung Financial from their respective financial advisors in relation to the fairness of the merger consideration;

l. the filing of tax returns, payment of taxes and other tax matters;

m. compliance with applicable environmental laws;

n. accurate maintenance of each of Fort Orange's and Chemung Financial's and their respective subsidiaries' books and records;

o. proper filing of reports and statements required to be filed with the parties' regulators, and the compliance of such reports with applicable rules and regulations;

p. adequacy of reserves and other allowance for losses;

q. absence of any reason to believe that any conditions exist that would reasonably be expected to prevent the Merger from qualifying as a reorganization;

r. good and marketable title to all assets; and

s. compliance with the Bank Secrecy Act and related laws and regulations.

In addition to the above, Fort Orange represented and warranted as to the following:

a. maintenance of adequate insurance coverage;

b. the absence of certain off-balance sheet liabilities;

c. validity, enforceability and absence of breach under certain material contracts;

d. validity, enforceability and absence of breach under, and compliance with, prudent business practices and applicable laws and regulations of certain derivative contracts and transactions;

e. compliance of Fort Orange's benefit plans with applicable law;

f. labor and employee benefit matters;

g. compliance of the Merger Agreement and the Merger with applicable "business combination; and similar anti-takeover laws;

h. absence of intellectual property infringements or violations;

i. absence of impediments under the securities laws and regulations with regard to the activities of broker-dealers of the company or its subsidiaries;

j existence of effective internal controls over financial reporting;

k. certain fiduciary commitments and duties;

l. the composition of Fort Orange’s loan portfolios;

m. absence of certain transactions with affiliates;

n. absence of any fees payable by Fort Orange or any of its subsidiaries to brokers, finders or financial advisors, other than Fin Pro, in connection with the Merger;

o. adequacy of security measures with regards to Fort Orange’s information technology systems and absence of any viruses, Trojan horses, worms other hardware or software components that permit unauthorized access, disablement or erasure of data by any third party;

p. absence of any agreements with, or obligations to or claims by officers, directors, employees or certain other persons for indemnification other than as set forth in the disclosure schedule to the Merger Agreement; and

q. the execution and delivery by Fort Orange's directors of certain voting and non-competition agreements, as described elsewhere in this joint proxy statement/prospectus.

In addition to the above, Chemung Financial represented and warranted as to the following:

sufficiency of funds as of the Effective Time to pay the aggregate Cash Consideration required in connection with the Merger; and

compliance of reports and financial statements filed by Chemung Financial with the SEC relating to relevant securities laws and regulations and the accuracy of such reports and financial statements.

All representations, warranties and covenants of the parties, other than certain covenants and agreements which by their terms apply in whole or in part after the completion of the Merger, terminate upon the Effective Time.

Employee Matters.

Pursuant to the terms of the Merger Agreement, Chemung Financial has agreed that it will do the following in connection with any employment of Fort Orange employees:

(a) Subject to evaluation of personnel records, offer to retain all of Capital Bank's branch employees and two of its lending officers. Other Fort Orange and Capital Bank employees whose positions might be eliminated or whose responsibilities might be materially changed as a result of the Merger will be considered for open positions within Chemung Financial and Chemung Canal. Notification will be given by Chemung Financial following the execution of the Merger Agreement of employment opportunities available at Chemung Financial or Chemung Canal, and Fort Orange will notify Chemung Financial of individuals who have an interest in applying for the open position(s) and such persons will be given first opportunity to fill the open position(s), provided they qualify for the position(s).

(b) Chemung Financial will pay to Capital Bank employees who are not parties to employment, severance, change of control or like agreements and whose employment is terminated other than for cause within six (6) months of the Closing Date, a cash severance benefit equal to two (2) weeks of salary for each year of service, with a minimum benefit equal to three (3) months salary. Chemung Financial and Chemung Canal intend to honor all of Fort Orange's and Capital Bank's existing employment, severance, change of control and like agreements. Notwithstanding anything contained therein or in the Merger Agreement, no payment shall be made under any employment, retention bonus, deferred compensation, change of control and severance contract or plan that would constitute a "parachute payment" (as such term is defined in Section 280G of the Internal Revenue Code) or that would be prohibited by any regulatory authority to which Fort Orange or Capital Bank is subject.

(c) After the completion of the Merger, employees of Fort Orange and Capital Bank who become employed by Chemung Financial or Chemung Canal will be eligible for employee benefits that Chemung Financial or Chemung Canal, as the case may be, provides to its employees generally and, except as otherwise required by the Merger Agreement, on substantially the same basis as is applicable to such employees, provided that nothing in the Merger Agreement shall require any duplication of benefits. Chemung Financial or Chemung Canal will: (i) give credit to employees of Fort Orange and Capital Bank with respect to the satisfaction of the limitations as to pre-existing condition exclusions, evidence of insurability requirements and waiting periods for participation and coverage that are applicable under the employee welfare benefit plans (within the meaning of Section 3(1) of ERISA) of Chemung

Financial or Chemung Canal, equal to the credit that any such employee had received as of the Effective Time towards the satisfaction of any such limitations and waiting periods under the comparable employee welfare benefit plans of Fort Orange and Capital Bank and to waive preexisting condition limitations to the same extent waived under the corresponding plan; and (ii) Chemung Financial or Chemung Canal will treat, and cause its applicable benefit plans to treat, the service of the Fort Orange employees with Fort Orange or Capital Bank as service rendered to Chemung Financial or Chemung Canal, as applicable: (a) for purposes of eligibility to participate and vesting, but not for benefit accrual under any defined benefit plan (including minimum pension amount) attributable to any period before the Effective Time; and (b) for vacation and sick leave benefits. Benefits under Chemung Financial pension plans, if any, shall be determined solely with reference to service with Chemung Financial.

Conditions to the Merger

The respective obligations of Chemung Financial and Fort Orange to complete the Merger are subject to various conditions prior to the Merger. The conditions include, without limitation, the following:

i. all action required to be taken by or on the part of Chemung Financial, Chemung Canal, Fort Orange and Capital Bank to authorize the execution, delivery and performance of the Merger Agreement and bank plan of merger and the transactions contemplated by the Merger Agreement shall have been duly and validly taken and Fort Orange and Chemung Financial shall have received evidence of such authorizations;

ii. all obligations of Chemung Financial and Fort Orange under the Merger Agreement shall have been performed and complied with in all material respects prior to the Effective Time, and representations and warranties made by both parties shall be true and correct in all material respects as of the closing of the Merger, except under limited circumstances, including where the facts which cause the representation or warranty to not be true would not constitute a material adverse effect on Chemung Financial's and Chemung Canal's or Fort Orange's and Capital Bank's assets, business, financial condition or results of operations;

iii the receipt of all regulatory approvals necessary to complete the transactions contemplated by the Merger Agreement and the bank plan of merger, and the expiration or termination, as applicable, of all applicable notices and statutory waiting periods and absence of any requirement that would restrict Chemung Financial in its operations or have a material adverse effect on Chemung Financial following completion of the Merger;

iv. absence of any order, decree or injunction of a governmental entity which enjoins or prohibits the consummation of the Merger or the bank merger;

v. effectiveness of Chemung Financial's registration statement of which this joint proxy statement/prospectus is a part and absence of any stop order suspending its effectiveness or initiation of proceedings for that purpose that have not been withdrawn;

vi. receipt by Chemung Financial and Fort Orange of legal opinions from their respective counsels in form and substance satisfactory to each other;

vii. approval of the Merger by the shareholders of both Fort Orange and Chemung Financial;

viii. execution and delivery of the Voting Agreement by Mr. Cureau shall have been obtained;

ix. execution and delivery of the settlement and release agreement, in form satisfactory to Chemung Financial, by Fort Orange and Capital Bank, on the one hand, and Mr. Cureau, on the other hand;

x. there shall be a valid enforceable lease for Capital Bank's Wolf Road branch providing for a lease term up to and including December 31, 2011, with two (2) one-year renewal options at an annual rent amount satisfactory to Chemung Financial, and Chemung Financial shall have received an estoppel certificate executed by the landlord for each of Capital Bank's branch offices;

xi. Chemung Financial shall have provided to Fort Orange satisfactory evidence of insurance coverage for the directors and officers of Fort Orange and Capital Bank, as required by the Merger Agreement; and

xii. approval of the shares of Chemung Financial common stock to be issued as the Stock Consideration in the Merger for quotation on the OTCBB.

The parties may waive conditions to their obligations in writing, to the extent permitted by applicable law.

Regulatory Approvals Required for the Merger.

Completion of the Merger is subject to the receipt of all required approvals and consents from regulatory authorities, and the expiration of any applicable statutory waiting periods, without any term or condition that would have a material adverse effect on Chemung Financial. Chemung Financial and Fort Orange have agreed to use their reasonable best efforts to obtain all required regulatory approvals. These include approvals from the Federal Reserve and the Banking Department. We have or will file applications for such approvals.

Although Chemung Financial and Fort Orange currently believe they should be able to obtain all required regulatory approvals in a timely manner, Chemung Financial and Fort Orange cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to Chemung Financial after the completion of the Merger or will contain a material adverse condition.

Federal Reserve.

Completion of the Merger is subject, among other things, to approval by the Federal Reserve pursuant to Section 3 of the Bank Holding Company Act of 1956, as amended. The Federal Reserve may not grant that approval if it determines that the Merger:

- would result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States; or

- would substantially lessen competition in any part of the United States, or tend to create a monopoly or result in a restraint of trade, unless the Federal Reserve finds that the anti-competitive effects of the transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served.

In reviewing the transaction, the Federal Reserve will consider:

- the financial and managerial resources and future prospects of both companies and their respective subsidiary bank;

- the convenience and needs of the communities to be served;

- applicable overall capital and safety and soundness standards;

- the effectiveness of both companies in combating money laundering activities; and

- each company’s regulatory status, including legal and regulatory compliance.

Under the Community Reinvestment Act of 1977, as amended, (“CRA”) the Federal Reserve will take into account Chemung Financial’s and Fort Orange’s records of performance in meeting the credit needs of their respective communities, including low- and moderate-income neighborhoods. In considering this criterion, it is reasonable to assume that the Federal Reserve will consider the fact that Chemung Financial’s principal banking subsidiary received an “outstanding” regulatory rating, and Fort Orange’s principal banking subsidiary received an “outstanding” regulatory rating, in their most recent respective CRA examinations.

Furthermore, the Bank Holding Company Act and Federal Reserve regulations require published notice of, and the opportunity for the public and the Banking Department to comment on, Chemung Financial's application, and authorize the Federal Reserve to hold a public hearing or meeting if the Federal Reserve determines that a hearing or meeting would be appropriate. Any hearing or meeting or comments provided by third parties could prolong the period during which the application is under review by the Federal Reserve.

The Bank Holding Company Act requires a thirty (30) day waiting period before completing the Merger after Federal Reserve approval is received, during which time the Department of Justice ("DOJ") may challenge the Merger on antitrust grounds. With the approval of the Federal Reserve and the concurrence of the DOJ, the waiting period may be reduced to no less than 15 days. The commencement of an antitrust action would stay the effectiveness of such an approval unless a court specifically ordered otherwise. In reviewing the Merger, the DOJ could analyze the Merger's effect on competition differently than the Federal Reserve, and thus it is possible that the DOJ could reach a different conclusion than the Federal Reserve does regarding the Merger's effects on competition. A determination by the DOJ not to object to the Merger may not prevent the filing of antitrust actions by private persons or any state attorney general.

The merger of Capital Bank into Chemung Canal is also subject to the approval of the Federal Reserve under the Bank Merger Act. In its consideration of an application for approval of a bank merger, the Federal Reserve is required to consider factors substantially identical to those it must consider under Section 3 of the Bank Holding Company Act of 1956, as amended.

Banking Department

The New York State Superintendent of Banks must approve the merger of Capital Bank with Chemung Canal under Article 13 of the New York Banking Law. The Banking Department will review and consider a number of factors when deciding whether to approve the bank merger, including whether: (i) the banks' investment and lending practices are consistent with safe and sound banking practices; (ii) the bank merger will lessen competition among banking organizations in New York; (iii) the bank merger is consistent with the public interest, needs and convenience; and (iv) whether Chemung Canal has financial and managerial resources to successfully implement the bank merger. The Banking Department also will review the records of Chemung Canal and Capital Bank under the CRA. The Superintendent may, at his discretion, hold a public hearing on the Merger and/or the bank merger.

No Solicitation; Board Recommendation.

Fort Orange has agreed that it will not, and will cause its subsidiaries and its subsidiaries' officers and directors not to, and will use its reasonable best efforts to cause its and its subsidiaries' employees, agents, advisors and other representatives and affiliates not to, initiate, solicit, encourage or knowingly facilitate inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential information to, or have any discussions with, any person relating to the Merger or the Merger Agreement, any acquisition proposal (including any tender or exchange offer to acquire 25% or more of the voting power of Fort Orange or any of its significant subsidiaries), a proposal for a merger, consolidation or other business combination involving Fort Orange or any of its significant subsidiaries or any other proposal or offer to acquire in any manner 25% or more of the voting power in, or 25% or more of the business, assets or deposits of, Fort Orange or any of its significant subsidiaries.

In the event, prior to the time when Fort Orange's shareholders approve the Merger Agreement at the Fort Orange special meeting:

> Fort Orange receives an unsolicited bona fide acquisition proposal from a person other than Chemung Financial;
>
> the Fort Orange board of directors concludes in good faith (1) that such acquisition proposal constitutes a superior competing proposal or would reasonably be likely to result in a superior competing proposal and (2) that, after considering the advice of outside counsel, failure to take such actions would result in a violation of the directors' fiduciary duties under Delaware law; and Fort Orange has notified Chemung Financial of its receipt of such proposal, Fort Orange may, and may permit its subsidiaries and its

subsidiaries' representatives to, provide confidential information and participate in negotiations or discussions with respect to such superior competing proposal (subject to the entry into a confidentiality agreement substantially similar to its confidentiality agreement with Chemung Financial). A superior competing proposal means a bona fide written acquisition proposal to acquire in any manner 50% or more of the voting power in, or all or substantially all of the business, assets or deposits of, Fort Orange, that the Fort Orange board of directors concludes in good faith to be more favorable from a financial point of view to its shareholders than the Merger (1) after receiving the advice of its financial advisor, (2) after taking into account the likelihood of completion of such transaction on the terms set forth therein (as compared to, and with due regard for, the terms in the Merger Agreement) and (3) after taking into account all legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal and any other relevant factors permitted under applicable law.

Fort Orange has agreed to submit the Merger Agreement for approval by its shareholders and convene a special meeting of shareholders as promptly as practicable after the registration statement of which this joint proxy statement/prospectus is a part is declared effective by the SEC. The Fort Orange board has recommended that its shareholders vote in favor of the Fort Orange Merger proposal. Fort Orange will not withdraw or modify (or propose to withdraw or modify) its recommendation to its shareholders to vote in favor of the Fort Orange Merger proposal, except as permitted under the Merger Agreement in connection with a superior competing proposal (as defined in the Merger Agreement). If, prior to approval by its shareholders, the Fort Orange board, after consultation with outside counsel, determines in good faith that, because of the receipt of a takeover proposal that is a superior competing proposal, it would result in a violation of its fiduciary duties under Delaware law to continue to recommend adoption of the Merger Agreement, the Fort Orange board may modify or withdraw its recommendation.

Similarly, Chemung Financial has agreed to convene a meeting of its shareholders to vote upon the approval of the Merger. The Chemung Financial board has recommended to its shareholders to vote in favor of the Chemung Financial Merger proposal. The Chemung Financial board will not withdraw or modify (or propose to withdraw or modify) its recommendation to its shareholders unless, prior to approval by Chemung Financial's shareholders of the Chemung Financial Merger proposal, its board, after consultation with outside counsel, determines in good faith that it would result in a violation of its fiduciary duties under New York law to continue to recommend approval of the Merger.

Termination; Termination Fee.

The Merger Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time, as follows:

- by mutual agreement of Chemung Financial and Fort Orange;

- upon 15 days' written notice by the non-breaching party, if there has occurred and is continuing a breach by the other party of any representation, warranty or covenant and such breach cannot be or has not been cured within 15 days after the giving of written notice to the breaching party of such breach;

- by Chemung Financial or Fort Orange, if the other party (1) fails to hold its special meeting within the time frame specified in the Merger Agreement; or (2) submits the Merger Agreement to its shareholders without a recommendation for approval or makes an adverse recommendation,

- by Fort Orange, in order to enter into an agreement with respect to a Superior Competing Proposal (as defined in the Merger Agreement) or by Chemung Financial, in the event that Fort Orange enters into such an agreement;

- by either party, if the Merger has not closed by the close of business on October 31, 2011 (or December 31, 2011 if required governmental approvals have not been received by that date), unless the party seeking to terminate the Merger Agreement caused or materially contributed to the failure of the Merger to occur before such date;

- by either party, if a required governmental approval is denied by final, non-appealable action, unless the party seeking to terminate the Merger Agreement failed to comply with the Merger Agreement and such failure caused or materially contributed to such action;

by Fort Orange if: (i) at the Effective Time, the Closing Price is less than $17.85 per share; and (ii) during the period between October 15, 2010 and the Effective Time the per share price of Chemung Financial stock shall have underperformed the Index by 20%, The term “underperformed” means that the per share price shall have declined by more than an additional 20% over the performance of an index of the stock prices of the common stock of the publicity traded banks headquartered in New York and Pennsylvania with total assets between $500 million and $4 billion during such period. For example, if the Index declined 15% during the period, Chemung Financial Stock must have declined by more than 35% to constitute underperformance; or

by Chemung Financial if, at the end of the month immediately preceding the closing, the Fort Orange Delinquent Loans (as defined in the Merger Agreement) are $10.5 million or greater.

In the event that the Merger Agreement is terminated by either party because Fort Orange shall agree to a Superior Competing Proposal then Fort Orange must pay Chemung Financial within three business days following adoption by Fort Orange’s board of directors of a resolution approving or adopting such Superior Competing Proposal, a termination fee equal to 2.5% of the merger consideration (presently estimated to be $725,000.00) calculated as if the Effective Time had occurred on the date on which the Merger Agreement is terminated.

Modification or Amendment.

At any time prior to the Effective Time, the parties to the Merger Agreement may modify or amend the Merger Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties, except to the extent that any such amendment would violate the law or would require resubmission of the Merger Agreement for vote by the shareholders of Fort Orange or Chemung Financial.

At any time before the Effective Time, Chemung Financial may revise the structure of the Merger and related transactions, to the extent that such revised structure (1) does not change the amount or form of consideration to be received by the shareholders of Fort Orange and the holders of Fort Orange stock options; (2) does not adversely affect the tax consequences to the shareholders of Fort Orange, (3) will not materially delay or jeopardize required governmental approvals; (4) does not cause any representation or warranty of any party to the Merger Agreement to become materially incorrect; or (5) does not diminish any benefits to Fort Orange officers, directors or employees. The Merger Agreement and any related documents would then be appropriately amended in order to reflect any such revised structure.

Stock Market Quotation.

As promptly as reasonably practicable following completion of the Merger, Chemung Financial common stock will continue to trade over-the-counter on the OTCBB, and Fort Orange common stock will cease to be quoted on Pinksheets.com.

Fees and Expenses.

Chemung Financial and Fort Orange shall be responsible for their own expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby.

Material Federal Income Tax Consequences of the Merger

The following discussion addresses the material federal income tax consequences of the Merger to a Fort Orange shareholder who is a U.S. holder (defined below) and who holds shares of Fort Orange common stock as a capital asset. This discussion is based upon the Internal Revenue Code, Treasury regulations promulgated under the Internal Revenue Code, judicial authorities, published positions of the Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this discussion and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. This discussion does not address all aspects of federal income taxation that may be relevant to Fort Orange shareholders in light of their particular circumstances and does not address aspects of federal income taxation that may be applicable to Fort Orange shareholders subject to special treatment under the Internal Revenue Code (including banks, tax-exempt organizations, insurance companies, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting, investors in pass-through entities, Fort Orange shareholders who hold their shares of Fort Orange common stock as part of a hedge, straddle or conversion transaction, and Fort Orange shareholders who acquired their shares as compensation). In addition, this discussion does not address any aspect of state, local or foreign taxation. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

For purposes of this section, the term "U.S. holder" means a beneficial owner of Fort Orange common stock that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any State or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust, the substantial decisions of which are controlled by one or more U.S. persons and which is subject to the primary supervision of a U.S. court, or a trust that validly has elected under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

Fort Orange shareholders are encouraged to consult their tax advisors with respect to the particular federal, state, local and foreign tax consequences of the Merger to them.

The closing of the Merger is conditioned upon the receipt by Chemung Financial and Fort Orange of an opinion of their legal counsel, Hinman, Howard sand Kattell, LLP and Hiscock and Barclay, LLP, respectively, dated as of the closing date of the Merger, that, on the basis of facts, representations and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of Chemung Financial and Fort Orange) which are consistent with the state of facts existing as of the closing date of the Merger, The Merger constitutes a reorganization under Section 368(a) of the Internal Revenue Code.

The tax opinions delivered in connection with the registration statement on Form S-4, filed by Chemung Financial in connection with the Merger and to be delivered as of the closing date of the Merger are not binding on the IRS or the courts, and neither Chemung Financial nor Fort Orange intends to request a ruling from the IRS with respect to the federal income tax consequences of the Merger. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below. The discussion below is a summary of the material federal income tax consequences of the Merger to Fort Orange shareholders that will result from qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue

Code. In addition, if any of the facts, representations or assumptions upon which the opinion is based is inconsistent with the actual facts, the federal income tax consequences of the Merger could be adversely affected.

Exchange for Chemung Financial Common Stock.

If, pursuant to the Merger, a U.S. holder exchanges all of his or her respective shares of Fort Orange common stock actually owned by him or her solely for shares of Chemung Financial common stock, that holder will not recognize any gain or loss except regarding any cash received in lieu of any fractional share of Chemung Financial common stock (as discussed below). The aggregate adjusted tax basis of the shares of Chemung Financial common stock received in the Merger (including any fractional share deemed received and redeemed, as described below) will be equal to the aggregate adjusted tax basis of the shares of Fort Orange common stock surrendered for the Chemung Financial common stock. The holding period of the Chemung Financial common stock will include the period during which the surrendered shares of Fort Orange common stock were held by the Fort Orange shareholder. If a U.S. holder has differing bases or holding periods in respect of his or her respective shares of the surrendered Fort Orange common stock, that shareholder should consult his or her tax advisor prior to the exchange with regard to identifying the bases or holding periods of the particular shares of Chemung Financial common stock received in the exchange.

Cash Received in Exchange for Fort Orange Stock.

If, pursuant to the Merger, a U.S. holder exchanges all of the holder’s respective shares of Fort Orange common stock actually owned by him or her solely for cash, then such holder generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in such Fort Orange common stock. Generally, any gain recognized upon the exchange will be capital gain.

Cash Received in Lieu of a Fractional Share.

Cash received by a U.S. holder in lieu of a fractional share of Chemung Financial common stock generally will be treated as received in redemption of the fractional share, and a gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the portion of the shareholder’s aggregate adjusted tax basis of the shares of Fort Orange common stock surrendered that is allocable to the fractional share. The gain or loss generally will be long-term capital gain or loss if the holding period for the redeemed fractional share of Fort Orange common stock is held for more than one year. The deductibility of capital losses is subject to limitations.

Reporting Requirements.

A holder of Fort Orange common stock who receives Chemung Financial common stock as a result of the Merger will be required to retain records pertaining to the Merger. Certain Fort Orange shareholders are subject to certain reporting requirements with respect to the Merger. In particular, such shareholders will be required to attach a statement to their tax returns for the year of the Merger that contains the information listed in Treasury Regulation Section 1.368-3(b). Such statement must include the shareholder’s adjusted tax basis in his or her Fort Orange common stock and other information regarding the reorganization. Holders of Fort Orange common stock are urged to consult with their tax advisers with respect to these and other reporting requirements applicable to the Merger.

Backup Withholding.

A holder of Fort Orange common stock may be subject to information reporting and backup withholding (currently at a rate of 28%) in connection with any cash payment received in exchange for his or her stock or instead of a fractional share of Chemung Financial common stock if the shareholder is a non-corporate United States person and (1) fails to provide an accurate taxpayer identification number; (2) is notified by the IRS that it has failed to report all interest or dividends required to be shown on its federal income tax returns; or (3) in certain circumstances, fails to comply with applicable certification requirements. Amounts withheld under the backup withholding rules will be allowed as a refund or credit against a shareholder's federal income tax liability provided that the shareholder furnishes the required information to the IRS.

The foregoing discussion is not intended to be a complete analysis or description of all potential federal income tax consequences of the Merger transaction. In addition, this discussion does not address tax consequences that may vary with, or are contingent on, a Fort Orange shareholder's individual circumstances. It also does not address any federal estate tax or state, local or foreign tax consequences of the Merger. Tax matters are very complicated, and the tax consequences of the transaction to a Fort Orange shareholder will depend upon the facts of his or her particular situation. Accordingly, we strongly encourage you to consult with a tax advisor to determine the particular tax consequences to you of the transaction, as well as to any later sale of shares of Chemung Financial common stock received by you in the Merger.

Accounting Treatment.

In accordance with current accounting guidance, the Merger will be accounted for using the acquisition method. The result of this is that the recorded assets and liabilities of Chemung Financial will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and that the assets and liabilities of Fort Orange will be adjusted to fair value at the date of the Merger. In addition, all identified intangibles will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting of cash plus the number of shares of Chemung Financial common stock to be issued to former Fort Orange shareholders and option holders at fair value, exceeds the fair value of the net assets including identifiable intangibles of Fort Orange at the Merger date, that amount will be reported as goodwill. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually. Identified intangibles will be amortized over their estimated lives. Further, the acquisition method of accounting results in the operating results of Fort Orange being included in the operating results of Chemung Financial beginning from the date of completion of the Merger.

Stock Trading and Dividend Information for Fort Orange.

Fort Orange common stock currently trades over-the-counter on Pinksheets.com under the symbol “FOFC”. The following table sets forth the intra-day high and low sales prices for shares of Fort Orange common stock and dividend payments made each quarter for the last three fiscal years and first quarter of 2011 through January 19, 2011. As of January 19, 2011 , the most recent practicable trading day before the date of this joint proxy statement/prospectus, there were 3,702,312 shares of Fort Orange common stock outstanding.

Year Ending December 31, 2011	High	Low	Dividends Per Share
First quarter (through January 19, 2011)	$ 7.20	$ 7.12	—

Year Ending December 31, 2010	High	Low	Dividends Per Share
Fourth quarter	$ 7.75	$ 4.49	—
Third quarter	$ 5.00	$ 4.40	—
Second quarter	$ 6.00	$ 5.00	—
First quarter	$ 5.10	$ 3.43	—

Year Ending December 31, 2009	High	Low	Dividends Per Share
Fourth quarter	$4.48	$3.81	—
Third quarter	$5.00	$4.43	—
Second quarter	$4.77	$4.29	—
First quarter	$5.24	$2.38	—

Year Ending December 31, 2008	High	Low	Dividends Per Share
Fourth quarter	$5.24	$3.33	—
Third quarter	$5.48	$4.81	—
Second quarter	$8.16	$5.15	—
First quarter	$6.58	$5.44	—

On October 14, 2010, the business day immediately preceding the public announcement of the Merger, and on January 19, 2011 , the most recent practicable trading day before this joint proxy statement/ prospectus was finalized, the closing prices of Fort Orange common stock as reported by Pinksheets.com were $4.55 per share and $7.12 per share, respectively.

Stock Trading and Dividend Information for Chemung Financial.

Chemung Financial common stock currently trades over-the-counter on the OTCBB under the symbol “CHMG.OB”. The following table sets forth the intra-day high and low sales prices for shares of Chemung Financial common stock and dividend payments made each quarter for the last three fiscal years and first quarter of 2011 through January 19, 2011 . As of January 19, 2011 , the most recent practicable trading day before the date of this joint proxy statement prospectus, there were 3,560,918 shares of Chemung Financial common stock outstanding.

Chemung Financial common stock currently trades over-the-counter on the OTCBB under the symbol “CHMG.OB”. The following table sets forth the intra-day high and low sales prices for shares of Chemung Financial common stock and dividend payments made each quarter for the last two fiscal years. As of December 22, 2010, the most recent practicable trading day before the date of this joint proxy statement prospectus, there were 3,550,254 shares of Chemung Financial common stock outstanding.

Year Ending December 31, 2011	High	Low	Dividends Per Share
First quarter (through January 19, 2011)	$ 24.00	$ 22.00	$ 0.25

Year Ending December 31, 2010	High	Low	Dividends Per Share
Fourth quarter	$ 24.00	$ 20.50	$ 0.25
Third quarter	$ 22.00	$ 20.15	$ 0.25
Second quarter	$ 21.55	$ 19.90	$ 0.25
First quarter	$ 21.40	$ 19.65	$ 0.25

Year Ending December 31, 2009	High	Low	Dividends Per Share
Fourth quarter	$23.00	$19.55	$0.25
Third quarter	$21.25	$18.75	$0.25
Second quarter	$23.00	$17.25	$0.25
First quarter	$22.00	$15.00	$0.25

Year Ending December 31, 2008	High	Low	Dividends Per Share
Fourth quarter	$25.10	$19.55	$0.25
Third quarter	$26.30	$22.15	$0.25
Second quarter	$28.25	$25.50	$0.25
First quarter	$28.25	$24.35	$0.25

On October 14, 2010, the business day immediately preceding the public announcement of the Merger, and on January 19, 2011 the most recent practicable trading day before the date of this joint proxy statement/prospectus, the closing prices of Chemung Financial common stock as traded on the OTCBB were $21.50 per share and $22.70 per share, respectively.

SELECTED HISTORICAL FINANCIAL DATA
FOR CHEMUNG FINANCIAL AND FORT ORANGE

Chemung Financial Selected Historical Financial and Other Data.

The following tables set forth selected historical financial and other data of Chemung Financial for the periods and as of the dates indicated. The information at and for the nine months ended September 30, 2010 and 2009 is unaudited. However, in the opinion of management of Chemung Financial, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for the unaudited periods have been made. The selected operating data presented below for the nine months ended September 30, 2010 are not necessarily indicative of a full year's operations.

	(Unaudited) As of or for the Nine Months Ended September 30,		As of or for the Years Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(Dollar amounts in thousands, except per share data)						
Summarized balance sheet data:							
Total assets	$ 972,700	$ 968,638	$ 975,919	$ 838,318	$ 788,874	$ 739,050	$ 718,039
Loans, net of deferred fees and costs, and unearned income	590,519	605,219	595,853	565,185	539,522	477,664	418,685
Investment securities	253,967	236,308	243,143	199,694	169,801	191,696	241,566
Federal Home Loan Bank and Federal Reserve Bank stock	3,339	3,281	3,281	3,155	5,902	3,605	5,356
Deposits	803,511	794,019	801,063	656,909	572,600	585,092	524,937
Securities sold under agreements to repurchase	43,766	55,061	54,263	63,413	31,212	35,024	60,856
Federal Home Loan Bank advances	20,000	20,000	20,000	20,000	82,400	27,900	40,800
Stockholders' equity	97,293	87,004	90,086	83,007	88,115	82,298	81,178
Summarized earnings data:							

Net interest income	$ 25,972	$ 24,516	$ 33,155	$ 30,668	$ 25,936	$ 24,546	$ 24,737
Provision for loan losses	1,125	2,075	2,450	1,450	1,255	125	1,300
Net interest income after provision for loan losses	24,847	22,441	30,705	29,218	24,681	24,421	23,437
Other operating income:							
Trust and investment services income	6,257	5,999	8,089	6,834	6,345	4,901	5,095
Securities gains, net	451	556	785	589	10	27	6
Trust preferred impairment	(393)	(1,380)	(2,242)	(803)	—	—	—
Net gains on sales of loans held for sale	166	197	259	114	98	103	107
Other income	6,426	6,572	8,819	10,404	10,176	9,281	7,806
Total other operating income	12,907	11,944	15,710	17,138	16,629	14,312	13,014
Other operating expenses	27,543	29,000	39,321	33,968	30,521	29,523	27,315

	(Unaudited) As of or for the Nine Months Ended September 30, 2010	2009	As of or for the Years Ended December 31, 2009	2008	2007	2006	2005
	(Dollar amounts in thousands, except per share data)						
Income before income taxes	10,211	5,385	7,094	12,388	10,789	9,210	9,136
Income taxes	3,157	1,440	1,861	4,034	3,530	2,621	2,546
Net income	$ 7,054	$ 3,945	$ 5,233	$ 8,354	$ 7,259	$ 6,589	$ 6,590
Selected per share data on shares of common stock							
Net income per share	$ 1.96	$ 1.10	$ 1.45	$ 2.32	$ 2.02	$ 1.81	$ 1.79
Dividends declared	$ 0.75	$ 0.75	$ 1.00	$ 1.00	$ 0.97	$ 0.96	$ 0.96
Tangible book value	$ 22.92	$ 19.82	$ 20.64	$ 18.96	$ 22.50	$ 22.09	$ 21.35
Market price	$ 21.25	$ 20.20	$ 21.25	$ 20.40	$ 27.25	$ 32.90	$ 30.25
Average shares outstanding	3,605	3,602	3,603	3,594	3,595	3,642	3,689
Selected financial ratios and other data:							
Return on average assets	0.95 %	0.58 %	0.56 %	1.00 %	0.95 %	0.91 %	0.92 %
Return on average tier 1 equity (1)	12.12 %	7.05 %	6.97 %	11.45 %	9.53 %	8.60 %	8.83 %
Dividend yield	4.71 %	4.95 %	4.71 %	4.90 %	3.67 %	2.92 %	3.17 %
Dividend payout ratio	37.42 %	66.96 %	67.30 %	42.07 %	47.02 %	51.94 %	52.68 %
Total capital to risk adjusted assets	14.27 %	12.94 %	13.22 %	13.58 %	15.78 %	17.11 %	18.06 %
Tier 1 capital to risk adjusted assets	12.68 %	11.36 %	11.61 %	11.97 %	13.84 %	15.12 %	16.02 %
Tier 1 leverage ratio	8.29 %	7.91 %	7.89 %	8.94 %	10.14 %	10.80 %	10.71 %
Loans to deposits	73.49 %	76.22 %	74.38 %	86.04 %	94.22 %	81.64 %	79.76 %
Allowance for loan losses to total loans	1.64 %	1.68 %	1.67 %	1.61 %	1.57 %	1.67 %	2.34 %
Allowance for loan losses to non-performing	86.57 %	78.48 %	72.20 %	200.40 %	236.58 %	221.15 %	106.97 %

loans														
Non-performing loans to total loans	1.89	%	2.14	%	2.32	%	0.80	%	0.66	%	0.76	%	2.18	%
Net interest rate spread	3.53	%	3.50	%	3.49	%	3.46	%	2.88	%	2.88	%	3.17	%
Net interest margin	3.82	%	3.91	%	3.89	%	4.05	%	3.71	%	3.69	%		